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WORLD NEWS

£1m jewel raid at Christie's

Four armed men stole jewels believed to be worth £1m from Christie's auction house in London yesterday.

But they missed the most valuable item on show, a £750,000 sapphire and diamond necklace. A couple who were inspecting it managed to hide it. The theft was recorded on closed-circuit TV cameras.

Two of the stolen pieces belonged to the Florence Gould collection, to be auctioned in New York in April.

Tax attack on Thatcher

Labour deputy leader Roy Hattersley accused Mrs Thatcher of trying to deceive the country about tax rises and said tax had risen from 39.6 per cent to 45.7 per cent of national income since 1979.

Queen's speech 'peril'

Ministers who prepare the Queen's speeches are making her sound more concerned for the "vociferous minority of newcomers" than for the mass of her subjects, a course "pregnant with peril," said MP Enoch Powell.

Rate grant revolt feared

Environment ministers and Tory whips will try over the weekend to head off a potentially embarrassing revolt over the rate support grant for England for 1984-85. Page 3

UK protests to Greece

Britain protested to Greece, its Nato partner, over a joint appeal by Greece and Romania against the deployment of nuclear missiles in Europe.

Inquiry into sacking

West Germany's parliament set up an inquiry into the premature dismissal of Nato deputy supreme commander Gen. Günter Kiessling after allegations of homosexuality. Page 2

Soldier's kidnap faked

A U.S. soldier in West Germany faked his "kidnapping" by anti-nuclear activists because he was afraid to face his wife after being late to meet her, police said.

Guyana plot charges

Five Canadians and an American were charged in the U.S. with violating U.S. arms laws as part of a plot to overthrow the Guyana government.

Embezzlers convicted

A Zurich court convicted 12 foreign exchange dealers of embezzling SwFr 8.8m (£2.8m) through manipulating rates.

Blunt leaves £860,000

Art historian and Soviet spy Anthony Blunt left £858,121 net in his will, most of it to William Gaskin, who shared his home.

Frost covers Britain

Britain was hit by the coldest weather of the winter, with severe frost in most areas. The temperature at Aviemore dropped to −18F. Milder weather is forecast.

Video ban planned

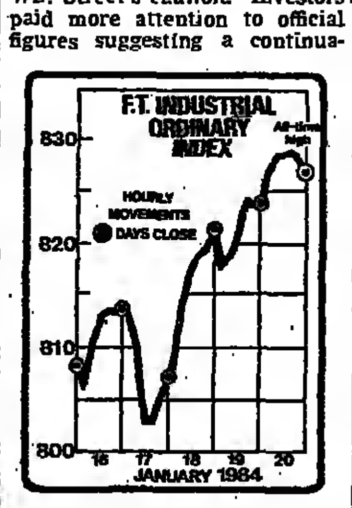
Home Secretary Leon Brittan said be wanted to ban the sale of sexually explicit video recordings as well as "video nasties" for home viewing.

BUSINESS SUMMARY

BP writes off £100m on Mukluk

BRITISH PETROLEUM is writing off £100m spent as its share of the abortive effort to find oil in the Mukluk well in the Beaufort Sea off Alaska.

EQUITIES were uninhibited by Wall Street's caution. Investors paid more attention to official figures suggesting a continuation through the year of the UK economic recovery. The FT Industrial Ordinary Index was 13.8 up on the week at a record 826.9. Page 32



HANSON TRUST'S £212m bid for London Brick was cleared by Secretary of State for Trade and Industry Norman Tebbit. Back Page

GENERAL MOTORS has shown an interest in buying BL subsidiary Jaguar. Back Page

SCOTT LITHGOW workforce ordered 500 laid-off workers to report for duty as normal next week and agreed on a levy to pay their wages. Back Page

BICC CABLES will make 300-350 redundant at two Merseyside plants. Osram will close its Gateshead light bulb factory with 310 job losses. Page 3

RUPERT MURDOCH'S News International said it bought Warner Communications shares this week which increased its stake in the company from 7 per cent to 8.5 per cent.

ALCOA, the biggest U.S. aluminium maker, reported its highest quarterly earnings since the beginning of 1981, taking net profits for the year to $95.3m, compared with a loss of $33.7m. Page 31

LLOYDS BANK'S acquisition of a 4.9 per cent stake in the Royal Bank of Scotland is being investigated by the Office of Fair Trading to see whether it constitutes a possible merger which should be referred to the Monopolies Commission. Page 26

TRING HALL SECURITIES, the financial services group and former licensed dealer in securities, has had its accounts heavily qualified by auditors. Page 26

E-SYSTEMS, the biggest Western maker of advanced electronic warfare systems is to seek a London Stock Exchange listing. It is quoted on the New York exchange. Page 26

DAVY CORPORATION'S pre-tax profits fell in the half year to September 30 to £3.03m. Page 26; Lex, Back Page

ANDRE DE BRETT, the direct mail order house, reported taxable profits 50 per cent lower at £204,000 for the six months to September 30. Page 26

Europe aims for joint telecom standards to meet U.S. challenge

BY DAVID MARSH IN PARIS

EUROPEAN countries have agreed to work towards common standards for telecommunications equipment in a move to reduce barriers for electronics companies in Europe and to respond to the growing commercial challenge from U.S. multinationals.

The decision, announced after a meeting in Paris of senior telecommunications officials from 26 countres, will lead to the creation of working parties charged with drawing up harmonised technical standards for telephone equipment and licensing procedures.

Although officials in Paris cautioned that reaching agreement on detailed standards would take time, they said there was agreement among the big European Community countries that work should go on as quickly as possible.

Past European attempts to harmonise telecommunications standards have produced mixed results. A supposedly common international standard for data communications, known as X25, has been implemented in a variety of versions by different European countries, while a plan to launch a common European super-telex service called teletex has been dogged by delays.

The latest initiative is in line with plans being broached in Britain, France and West Germany to open up national telecommunications markets in different ways, partly to strengthen EEC electronics companies and to ward off threatened large-scale competition from U.S. companies, particularly American Telephone & Telegraph.

The Paris agreement was reached at a meeting of the Commission of European PTTs (Posts and Telecommunications Administrations). It pledges technical harmonisation, not only in basic equipment such as telephone handsets but also for videotex systems and other sophisticated apparatus for computerised data communications now being sold strongly in consumer and business markets.

The confusion of different standards in Europe presents a barrier to ambitious plans being prepared particularly by the French, for the gradual opening up, on a reciprocal basis, of the main EEC telecommunications markets. These have traditionally been largely closed to outside suppliers.

France and Britain are already holding talks on the possibility of reciprocal purchases of France's E10 and Britain's System X digital public telephone exchanges.

France and West Germany concluded an agreement in November on setting up a joint mobile radio-telephone system, for which equipment is to be provided by manufacturers in both countries. Additionally, France has agreed to make 10 per cent of its annual purchases of telephone handsets from German companies. Although conflicting Franco-German telephone practices are certain to complicate putting this into effect.

Paris officials stressed that the European-wide agreement is partly a response to the sweeping deregulation of the U.S. telecommunications industry which, among other things, has given AT & T leeway to expand into Europe.

The U.S. telephone company's accord last year with Philips of the Netherlands in digital telephone exchange switching was viewed with misgivings in France. European telecommunications companies are coming under increased threat from the entry into communications markets of International Business Machines and its wooing of several European telecommunications authorities.

The French Government would like leading EEC companies such as Cit Alcatel, Siemens, GEC and Plessey to enter eventually into joint research and marketing agreements so as to be able to stand up better to the challenge from the U.S.

Thatcher to visit Paris for EEC budget talks

BY PETER RIDDELL IN LONDON AND DAVID MARSH IN PARIS

MRS THATCHER will make an unexpected visit to Paris on Monday at the invitation of France's President Mitterrand to discuss, among other issues, the current stalemate over the European Community's budget.

The agenda is expected to include East/West relations in the light of the Stockholm disarmament conference. The position of British and French peacekeeping troops in the Lebanon will also be discussed.

Officials in Whitehall said last night that the meeting had not been arranged at the last moment. Both Mrs Thatcher and President Mitterrand had agreed when they talked at the EEC summit in Athens six weeks ago that they would meet again early in the new year.

Nevertheless, the Paris meeting has been announced without the usual notice. Mrs Thatcher will leave London in the morning and return the same day.

Officials in Paris and London tried to avoid raising expectations of an early breakthrough on the thorny question of Britain's contribution to the EEC budget.

M Mitterrand wants to avoid the impression of being ready to launch a bilateral initiative between France, which holds the presidency of the EEC Council of Ministers for the first half of this year, and Britain.

Officials in the Elysée Palace are placing Mrs Thatcher's visit in the same context as the French President's trip to Ludwigshafen on February 2 for informal talks with Herr Helmut Kohl, the West German Chancellor.

M Mitterrand will visit the Netherlands early next month for more talks on European issues. It is hoped some degree of understanding can be reached before the next heads of government summit towards the end of March, thus avoiding the bitter rows of Athens.

French officials say that in spite of their political differences, M Mitterrand and Mrs Thatcher have struck up a fairly good working relationship.

As such, the informal lunchtime discussions may turn out to yield more positive results than could be obtained at a multinational gathering like the Athens summit.

Mrs Thatcher will visit Rome at the end of the coming week for one of a regular series of bilateral meetings with the Italian Government.

Rates revolt and steel cuts plans, Page 3

More restructuring and write-offs expected in John Brown group

BY IAN RODGER

JOHN BROWN, the troubled engineering group, is likely to announce further large write-offs and restructuring of its businesses when it reports its interim results at the end of the month.

In the year to March 31, 1983, John Brown suffered a pre-tax loss of £9.9m and absorbed a further £16.7m in extraordinary charges. Net borrowings in the last balance sheet stood at £105.4m, 125 per cent of shareholders' funds.

Since Sir John Cuckney took over as chairman from Sir John Mayhew-Saunders, last July, the group has moved its head offices from Westminster to Paddington and appointed new managing and finance directors.

The directors, with the aid of their financial advisers, have been preparing a fresh business plan for the group, details of which are likely to be disclosed with the interim results on January 31.

In an initial bid to reduce its heavy debt load, the group tried last August to sell its gas-turbine manufacturing business to Hawker Siddeley, but negotiations broke down.

Machine tools are one sector that the group might withdraw from. Its UK machine tool subsidiaries, Webster & Bennett and Wickman, have contracted significantly in recent years and now employ only about 300 people at a single site in Coventry.

Bank and institutional investor support for the new John Brown board surfaced this week when the group revealed that it was planning to acquire VO Offshore, an offshore technology design company, from British Shipbuilders. John Brown already has a successful offshore engineering business.

Recovery in U.S. 'steady'

By Reginald Dale, U.S. Editor, in Washington

ECONOMIC recovery in the U.S. proceeded at the slower, but steady pace of 4.5 per cent in the fourth quarter of last year, in line with earlier official projections, according to preliminary figures published by the Commerce Department yesterday.

The White House welcomed the news as "a strong measure of confidence in the performance of the economy," in the 1984 election year.

The Commerce Department put the 1983 year-on-year increase in real Gross National Product at 3.3 per cent, the highest for five years.

News of the improvement led to sharp gains for the dollar on foreign exchange markets. It closed in London at DM 2.8215, up 3 pfennigs from Thursday, and sterling fell to $1.4015 from $1.4190.

The U.S. currency's trade-weighted index against a basket of currencies rose to 131.8 from 131.0, according to Bank of England figures.

For the period from the fourth quarter of 1982 to the fourth quarter of last year the GNP rise was 6.1 per cent, the highest since 1972, Mr Malcolm Baldrige, the Commerce Secretary said.

The 4.5 per cent increase in the last quarter was substantially lower than the exceptional rise of 9.7 per cent in the second quarter and 7.6 per cent in the third. Mr Baldrige, nevertheless described it as "a very healthy pace."

The White House said the figure represented a normal growth rate coming out of recession. It established a sustainable rate of growth and avoided the kind of "overheating" that could re-kindle inflation.

Both Mr Baldridge and the White House reaffirmed their confidence in the Administration's official forecast of 4.5 per cent growth this year and 4 per cent in 1985—figures regarded as over-optimistic by many private economists.

Mr Baldridge said the forecasts would not be affected by the absence of measures to reduce federal budget deficits

Continued on Back Page

Money Markets, Page 29

Inflation held at around 5%

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

PRICES rose by 5.3 per cent in the year to December, almost the same as in the equivalent period of 1982, according to official figures issued yesterday.

The figures showed that the annual inflation rate accelerated in December from a November figure of 4.8 per cent. However, this appears to represent statistical unevenness rather than any increased underlying pressure on prices.

In 1983 as a whole, the average price level was 4.6 per cent higher than in 1982. This compares with a rise of 8.6 per cent between 1981 and 1982. The average rise between 1982 and 1983 was the lowest since 1967.

Most indications suggest that the underlying inflation rate was close to 5 per cent for most of last year, although average earnings rose at an annual rate of about 7½ per cent.

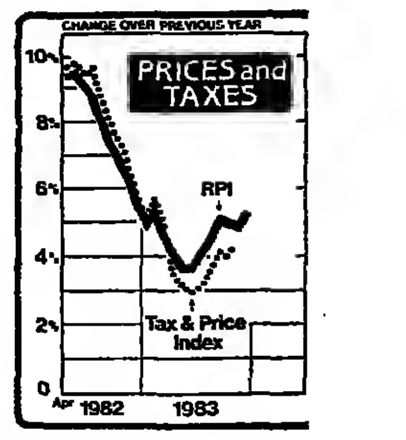
The Department of Employment said the Retail Price Index for December was 342.8 (1974=100), which was 0.3 per cent higher than in November. This monthly increase was slightly less than the 0.4 per cent rise in each of the four preceding months and the 0.5 per cent rise in July.

Experts have not identified any substantial price increases in the pipeline for the next few months, though seasonal food prices may increase.

In 1982 the annual inflation rate fell from 11 per cent at the beginning of the year to 5.4 per cent by December. In 1983, by contrast, the inflation rate fluctuated more narrowly. The lowest annual rate, of 3.7 per cent, was recorded in May and the highest (5.3 per cent) in February and December.

Mr Nigel Lawson, the Chancellor of the Exchequer, yesterday reaffirmed the Government's aim to achieve "stable prices." At a Press conference in Liverpool he said he was confident this could be done but declined to say when.

Later he told the Merseyside Chamber of Commerce: "Inflation has gone down dramatically. Since 1981, it has fallen from a peak of more than 20 per cent to around 5 per cent and interest rates are now at their lowest for five and a half years."



There was no doubt that h
inflation had been a large c
tributor to the rise of unempl
ment, he said. "The reduct
of inflation to its present l
levels and its further reducti
are the preconditions for cre
ing new jobs. There is
choice to be made between ta
ling inflation or unemployme
as some suppose."

Mr Lawson's strong resta
ment of the Government's ai
inflation policy might be tak
with a series of other pub
comments recently, to sugg
that he is looking forward
a restrictive Budget. T
seems likey to emphasise t
continued need for fiscal a
monetary restraint to restr
prices, rather than to aim
giving a mild stimulus to t
recovery.

Mr Lawson suggested that
is still anxious about the rate
wage inflation. He told t
Chamber of Commerce that t
reduction of inflation would n
on its own secure the creati
of new jobs.

"That will depend on h
our labour market develops: f
example, on whether employe
are prepared to work for wag
employers can afford to p
and whether they can ada
their skills and acquire n
ones."

Most independent forecaste
believe that inflation w
remain at around 5 to 6 per ce
this year, although the co
sensus is predicting a slight ri
The Treasury, however, says t
annual rate will fall to 4½ p
cent by next autumn.

Editorial comment, Page 24

MARKETS

DOLLAR	STERLING
New York lunchtima	New York lunchtime $1.40075
DM 2.82575	London: $1.4015 (1.419)
FFr 8.6275	DM 3.9575 (3.9625)
SwFr 2.2415	SwFr 3.1425 (3.155)
Y234.55	FFr 12.0925 (12.1175)
London:	Y328.5 (331.25)
DM 2.8215 (2.791)	Trade weighted 81.8 (82.3)
FFr 8.63 (8.5425)	**LONDON MONEY**
SwFr 2.24 (2.222)	3-month interbank:
Y234.3 (233.2)	mid rate 9 7/16% (9 7/16)
Trade Weighted 131.8 (131)	3-month eligible bills:
Tokyo close Y233.5	buying rate 8 15/32% (8 27/32)
U.S. LUNCHTIME RATES	**STOCK INDICES**
Fed Funds 9 7/16% (9½)	FT Ind Ord 826.9 (+3)
3-month Treasury Bills:	FT-A All Share 499.55 (+0.2%)
8.84% (8.88)	FT-A long gilt yield index:
Long Bond: 102 3/16 (102 23/32)	High coupon 10.17 (10.08)
yield: 11.71 (11.67	New York lunchtime:
GOLD	DJ Ind Av 1,258.27 (−7.75)
New York: Comex Jan latest	Tokyo:
$371.6 ($369.3)	Nikkei Dow 10,104.07 (+5.66)
London: $370¼ ($374.875)	

Chief price changes yesterday, Back Page

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Disapproval grows over U.S. foreign policy

By Reginald Dale, U.S. Editor, in Washington

PUBLIC approval of President Ronald Reagan's conduct of U.S. foreign policy fell to its lowest level this month, according to a Washington Post-ABC poll published yesterday.

The survey showed that the national enthusiasm which followed October's invasion of Grenada has receded—at a time of growing conviction that foreign policy poses as great a problem as economic issues.

Overall, 50 per cent of those polled disapproved of Mr Reagan's handling of foreign affairs, with only 42 per cent approving, against a 47 to 45 per cent positive rating last month. The 50 per cent disapproval was first reached in September, before the Grenada invasion.

On the other hand, by a narrow margin of 47 to 46 per cent, the respondents said that the U.S. was "more secure internationally" than when Mr Reagan took office. The poll also suggested strongly that many people felt that forces outside the U.S., particularly the Soviet Union, were to blame for increasing world tension, rather than Mr Reagan.

A major factor influencing Mr Reagan's latest poor showing was public criticism of his handling of the situation in Lebanon, of which 60 per cent said they disapproved. The figures appeared to confirm White House apprehensions that the continued presence of U.S. marines in Beirut could be a major issue in this year's election campaign.

Asked about U.S. force levels in Lebanon, 58 per cent said that the U.S. marines should be pulled out. More generally, 60 per cent said that the U.S. is trying to do too much with its armed forces overseas, against only 48 per cent in the immediate aftermath of Grenada.

In Central America, only 23 per cent said that they approved of the Administration's support for the "Contra" rebels fighting the Sandinista Government of Nicaragua, with 55 per cent disapproving. But the poll showed continuing widespread ignorance of Central American issues.

Mr Reagan took the opportunity of yesterday's third anniversary of his inauguration to launch a vigorous defence of his foreign policy. In Grenada, he said: "We set a nation free." The Administration had worked to develop a consensus to support democracy in Central America, and while the peace process in Lebanon had been "slow and painful," there had been genuine progress.

In Europe, the Nato alliance had held firm despite "months of Soviet bluster."

"Sooner or later, the Soviets will realise that equitable and verifiable arms reductions are in their interests . . . when they do, we'll be at the table waiting for them, ready to go on negotiating from strength and in good faith and determined that they comply with the agreements they have made," he said.

Moroccans count cost of unrest

By Francis Ghilès

DISTURBANCES in Morocco this week caused damage to property and cars, but no-one was killed, according to M Driss Basri, the Interior Minister. Unrest erupted in several provincial towns and spread, briefly, to Rabat, the capital, on Thursday.

The militia was called out in Rabat on Thursday to disperse students who were stoning passing cars. They were said to be protesting against poor food in schools and an increase in examination fees.

The university in Marrakesh, 200 miles to the south, was closed after students clashed repeatedly with police, broke shop windows and threw rocks at cars and buses.

The unrest is fuelled by the rise in food prices announced last August. Some items such as bread increased by only 4 per cent, but the price of butter was doubled. The average increase in prices was about 13 per cent.

Unrest was also reported in Nador, Al Hoceima and in Oujda, near Morocco's nothern border with Algeria and Agadir.

Casablanca, the country's economic capital, which throughout this week has been hosting the Islamic Conference, was unaffected.

The unrest comes only two weeks after serious rioting in Tunisia forced President Habib Bourguiba to rescind the doubling of the price of bread.

Moroccan officials are at present completing with a group of international banks led by Citicorp and Banque Nationale de Paris, the rescheduling of most of that part of the country's foreign debt which falls due between September 30 1983 and the end of 1984.

Disarmament talks a qualified success, says Howe

BY ANTHONY ROBINSON IN STOCKHOLM

THE WEEK of speeches and bilateral meetings between 35 Nato, Warsaw Pact and neutral foreign ministers at the European disarmament conference in Stockholm were described yesterday as a qualified success by Sir Geoffrey Howe, the British Foreign Secretary.

"Climatic conditions take a long time to change on a durable basis, but everyone here at the conference wants to make it a success," he said after making a speech calling for the East-West dialogue to be "widened and given more substance."

One of the most positive aspects of the conference was that Britain and other Nato countries "had a chance to explain the depth of the Western commitment to a more constructive long-term relationship" with the East, he added.

Mr Igor Andropov, deputy leader of the Soviet delegation, listened impassively as Sir Geoffrey quoted from an earlier speech by his father, President Yuri Andropov, calling for the establishment of "calm, respectful relations between states."

But, he continued: "I notice with some concern the use in the same speech of phrases which could not conceivably contribute to that objective." This was a thinly-veiled rebuke for the virulently anti-U.S. rhetoric contained in a speech by Mr Andrei Gromyko, the Soviet Foreign Minister.

Sir Geoffrey also echoed other Nato ministers in calling for discussions limited to the agenda of confidence-building measures agreed at Madrid.

"Let us not divert the energies of our delegations in the weeks ahead in discussing declarations on no first use of nuclear weapons, which cannot possibly be verifiable, or comfortable-sounding schemes which cannot sensibly apply to the whole of Europe, or ambitious treaties which are clearly beyond the first phase conference," he said.

Sir Geoffrey deplored the fact that "there has been no significant progress in negotiated arms control for the last five years," and later strongly criticised the Soviet Union for walking out of the Geneva intermediate nuclear force (INF) talks.

"Nato continued to negotiate for years while the Soviet Union continued to deploy one new SS-20 missile a week," he said.

"So where is the justification for the Soviet Union to walk out of negotiations following the first deployment of new U.S. missiles in Europe. Surely this is a question that the peoples of Eastern Europe will be asking themselves too."

He found some comfort in what he described as "the defensive tone of some of the speeches," which implied that "the truth is beginning to dawn on those concerned that it is always easier to leave the table than find one's way back."

Sir Geoffrey was one of seven Nato foreign ministers to hold bilateral talks with Mr Gromyko and further contacts "not only at foreign ministerial level" were planned. But he declined to name a date for the visit of Mr Georgi Kornienko, a Deputy Foreign Minister to London.

As the last foreign ministers returned home after the biggest high-level East-West diplomatic meeting for years, officials prepared to present their formal technical proposals on security and confidence-building measures. These will form the basis of detailed discussions in Stockholm expected to last for the next two years.

Howe . . . criticised Moscow

Bonn Defence Minister under pressure over sacked general

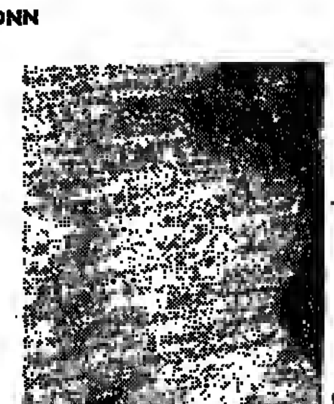
BY RUPERT CORNWELL IN BONN

THE PRESSURES on Herr Manfred Woerner, West Germany's embattled Defence Minister, intensified yesterday as parliament set up a special committee of inquiry into the premature dismissal of Gen Günter Kiessling.

The committee was established at the request of the opposition Social Democrats (SPD) after Chancellor Helmut Kohl had rejected demands from the party for the resignation or dismissal of Herr Woerner.

It will start its hearings next Thursday — meaning that the Defence Minister will be under still greater onus to provide a convincing and exhaustive explanation of why he removed Gen Kiessling from his post as deputy supreme commander of Nato and third-ranking general in the country's military hierarchy at the end of last year.

In this task, Herr Woerner, despite a string of appearances this week — public, semi-public or behind the closed doors of the parliamentary commission



Gen. Kiessling . . . allegations denied

which controls the intelligence services — has signally failed.

He has either been accused of saying nothing new, or where he has given fresh information, of raising more questions than he answered. Moreover, behind the public facade of full support, the backing of the coalition parties in Herr Kohl's administration is looking increasingly brittle.

The Minister's line remains that the claimed sightings of Gen Kiessling in two Cologne club apparently frequented by homosexuals had made him a security risk, and that he had no choice in acting as he did.

Gen Kiessling himself has all along flatly denied such charges. Herr Hans Apel, the former SPD Defence Minister, yesterday declared that the general had been "hounded like a dog from office."

Speculation continues about the reliability of the witnesses whose identification of Gen Kiessling to agents of the police and the MAD, the defence intelligence agency, is crucial in the case against him.

Meanwhile, Herr Woerner's inability to close the affair has led to renewed talk. The disclosure by Herr Woerner that Gen Kiessling had visited Berlin in 1982 with a military pass under another name has generated great curiosity — despite official denials that any foreign secret services are involved.

UK 'in breach of Cyprus pact'

BY JOHN WYLES IN BRUSSELS

BRITISH attempts to maintain preferential access to the EEC for goods from the Turkish part of Cyprus were in breach of the UK's legal obligations to the island, Mr Spyros Kyprianou, the Cypriot President, said here yesterday.

Britain is leading the attempt within the EEC to block moves by the European Commission to limit preferential access to exports formally certified by the Cypriot Government.

Despite the UK's refusal, in common with the rest of the EEC, to recognise the unilateral declaration of independence by the Turkish administration, London wants to go on accepting goods with certificates of origin issued by chambers of commerce from the Turkish part of the island.

President Kyprianou said that if this was the British position, then it was a breach of Britain's treaty obligations as a guarantor of Cypriot independence and also of the Community's Association Agreement which was signed with Cyprus in 1972.

The vexed question of access will be discussed for the third meeting in succession by EEC Foreign Ministers on Monday. Until now the British position has been supported by West Germany, Belgium and the Netherlands, partly to avoid suggestions that the Community is imposing sanctions on the Turkish population partly because they believe exports would otherwise enter via

> The vexed question of preferential access to the EEC for exports from Cyprus will be discussed for the third meeting in succession by EEC Foreign Ministers on Monday.

Turkey and partly out of the belief that maintaining the status quo will enable the Community to exercise a moderating influence on both sides.

The strength of President Kyprianou's insistence that only the official stamps of the Cypriot Government should be recognised by the Community will be communicated to M Gaston Thorn, the Commission President, at Monday's meeting.

The Cypriot President's visit to the Commission yesterday comes at the end of a diplomatic offensive in the U.S. and the UK aimed at winning support for his framework proposals for a settlement between the Cypriot and Turkish communities.

His proposals reportedly envisage a federal system allowing the Turkish administration to retain control of 25 per cent of the island in return for the re-establishin of Greek-Cypriot control over Famagusta and Morpbou.

President Kyprianou said he was ready to sit down and negotiate with Mr Rauf Denktash, the Turkish-Cypriot leader, providing the unilateral declaration of independence was withdrawn. He said that if his proposals were rejected by Mr Denktash and the Turkish government, then it would show that "they want to stick to their efforts to revise the position of Cyprus."

Craxi feels draught of corruption

By James Buxton in Rome

A WAVE of corruption scandals which is sweeping through Italy's cities and regional capitals has now touched the government of Sig Bettino Craxi. A junior minister at the Treasury, Sig Manfredo Manfredi, resigned on Thursday after magistrates sought Parliament's permission to press charges against him.

Sig Manfredi, a Christian Democrat, is accused of complicity in corruption and breach of the rules on the financing of political parties. The accusation relates to an investigation of serious irregularities at the casino of San Remo in the north western region of Liguria, where Sig Manfredi is the leading representative of his party.

Sig Manfredi, who denies the accusation, is only one of many local politicians who are under accusation or even under arrest on corruption charges, several of which are apparently related to the Mafia, whose deep involvement in crime stretches far beyond its traditional base in Sicily.

Last autumn, police made several arrests at the casinos of San Remo, Saint Vincent and Campione and are reported to have found evidence that they were being used by the Mafia and other professional criminals for the "laundering" of illegally acquired funds, notably ransoms from kidnappings.

Last week, the regional government of Sicily collapsed following the resignation of its president, who was sent a judicial communication by magistrates alleging manipulation of planning regulations.

A few days earlier, the vice-president, Sig Salvatore Stornello, was arrested on the charge of having worked to secure the award of a contract, but was released later.

Alan Friedman in Milan writes: The Italian Government yesterday appointed a new chairman of Consob, the troubled stockmarket authority which has been without leadership for three months. Sig Franco Piga, a Christian Democrat who has held a variety of government posts and was until 1980 president of Crediop, the medium-term lending bank, was the surprise appointee.

It had been widely expected that the government would choose Dr Pier Ginsto Jaeger, a Milan-based law professor.

Japan's draft budget pegs defence outlay

BY JUREK MARTIN IN TOKYO

THE DRAFT Japanese budget for the fiscal year beginning in April continues to peg defence spending below the politically sensitive level of 1 per cent of Gross National Product.

Most of the budgetary details have been previously disclosed, but those released yesterday include defence outlays of Y2.89 trillion (£8.8bn).

Given the economic assumptions of 4.1 per cent real growth in GNP in the 1984 fiscal year, this translates into defence accounting for 0.98 per cent of total output, or precisely the same percentage budgeted for in the current year.

It does represent, however, a 5.1 per cent increase in nominal terms over this year's spending, a relatively substantial advance in an overall budgetary increase of a mere 0.5 per cent, the smallest percentage increase in 29 years.

If Western standards measuring defence spending was applied, including, for example, military pensions, the proportion of GNP would be more like 1.6 per cent. However, this would still be well under prevalent levels in the North Atlantic Treaty Organisation.

Last month's election setback has made it all the more necessary for Mr Yasuhiro Nakasone, the Prime Minister, to pay closer attention to domestic political sentiment.

The 1 per cent ceiling, though not a law, has been a guiding rule of Japanese politics for more than a decade and it is doubtful that a consensus yet exists for breaking it.

But it does presage a further exacerbation of relations with the U.S. Some sense of U.S. aggrievement, especially on the trade front, was provided in a speech in Washington on Thursday by Vice-President George Bush. Mr Bush warned of "strong dissatisfaction" in the U.S. with Japanese policies in what is a Presidential election year.

The only other segment of the budget showing an appreciable rise in spending was allocations for foreign aid, up 6.1 per cent to Y535bn, though with commercially related yen credits accounting for about a third of the total, up 13 per cent.

Official Development Assistance (ODA) funds are set to go up by 7.4 per cent, though this is well under 13 per cent annual advance needed if Japan were to meet its goal of doubling ODA assistance by 1985.

Mitterand to clamp down on violent farm protests

BY DAVID MARSH IN PARIS

PRESIDENT Francois Mitterrand yesterday promised tough action against French farmers who ransacked a government building in the western town of Brest on Thursday night as part of a rising tide of agricultural unrest throughout the country.

The violent farmers' protest—sparked off by sliding pork prices on the Brittany markets *this week—culminated in the* systematic destruction of large parts of the sub-prefect's offices in Brest and extensive damage to his personal residence.

A marble staircase was broken, a police car was set on fire, doors smashed in, and furniture ripped to pieces, sending the sub-prefect's three children rushing panic-stricken into the street in their night clothes.

The damage, estimated at around FFr 1m (£83,000), was firmly condemned by local politicians and by M Michel Rocard, the Agriculture Minister, in a comunique put out in Paris. M Mitterrand, during a visit to Monaco, said those responsible should be "punished."

Police in Britanny held three local farm leaders thought to be among the crowd of more than 100 who attacked the building. In Paris, the Prime Minister's office cancelled a meeting it was to have held yesterday with a Britanny farmers delegation.

The latest violence accompanied a continuing series of attacks by French farmers' "commando squads" against lorries bringing pork across the Belgian border. Following the Government's pledge this week of tough action to deter farm raids, the police have organised convoys to escort lorry-loads of imported meat arriving in the main marketplace of Paris.

Consortium softens Thai refinery loan terms

By Chris Sherwell, our South-East Correspondent, and Peter Bruce in London

AN ANGLO-FRENCH consortium fighting to save a Thai refinery expansion contract originally worth $822m (£444m) has softened its financial terms, but has yet to make headway in its negotiations in Bangkok.

Hopes that an agreement would be announced by yesterday were dashed when it emerged that the consortium — grouping Davy McKee of Britain, Technip of France and ProcoFrance, a French subsidiary of a U.S. company—was still seeking ways to guarantee part of the loan package following the Thai Government's refusal to act as security for the whole package.

Following talks in Bangkok last week between the consortium members, British and French government officials and the Thai authorities, Bangkok is now considering an offer said to consist of a $38m grant and $111.5m in export credits from the UK and a $33.8m soft loan and $48.6m export credit from France.

The British and French sides asked the Thai Government to consider finding wsys to guarantee the government-to-government financing, and the consortium and their bankers have apparently agreed to seek guarantees elsewhere for the remaining $227.7m.

This latest package is worth close to $460m, a cut of about one-quarter, in the financing cost of the project, which involves the expansion of the Sri Racha refinery near Bangkok owned by the Thai Oil Refinery Company (Torc).

A major difficulty remains the request for a guarantee from the Thai government which, by law, it cannot give because its shareholding in Torc is too small at 49 per cent.

The consortiums bankers had first sought much wider guarantees because of worries over the project's viability in a period of world oil glut.

Although the Thai Industry Minister, Mr Ob Vasuratna, has threatened to re-open the contract to international tender, it is also known that Mr Sommai Hoontrakul, the Finance Minister, has reservations over the expansion plans.

This has added further complications to an already complex series of negotiations. Reports in the Bangkok press say Mr Sommai is considering the question of the new, smaller proposed guarantees and may pronounce on the mater next week.

Venezuela set for refinancing talks

VENEZUELA'S new administration may be able to conclude negotiations to refinance up to $18.4bn (£12.8bn) of public sector foreign debt within 90 days of taking office on February 2, according to Mr Francis Mason, of Chase Manhattan Bank of New York a co-chairman of the country's 13-bank advisory committee, Kim Fuad reports from Caracas.

Election seat bonus

The discovery of a technical error in Denmark's January 10 elections has given the minority Centre-Right Government a bonus of one more seat in parliament—enough for a working majority, AP reports from Copenhagen.

An audit by the Government's Bureau of Statistics showed that the opposition Social Democrats had been given 100 votes too many in a provincial precinct with the extra seat, the Government seems assured of the 90-seat absolute majority in the 179-seat Folketing.

S. Africa strike ends

A national strike of black workers at four plants of South Africa's leading explosives and chemicals manufacturer AECI collapsed yesterday and the 8,800 strikers were reported to be returning to work, J.D.F. Jones reports from Johannesburg. Management had refused to increase its minimum wage of R363 a month despite demands by the South African Chemical Workers Union for R400.

More than 30,000 bank workers launched an indefinite strike closing all over-the-counter services throughout Peru, Reuter reports from Lima.

Dublin protest march

ABOUT 8,000 workers took part in a march in Dublin yesterday to protest over high taxes and unemployment, Brendan Keenan reports. The march was also held in 13 other centres in the Republic, but Mr John Carroll, a leading trade unionist, said that in future, the union movement might have to concentrate on selective stoppages and pressure on politicians.

Swedish prices up

Consumer prices jumped by 9.3 per cent in Sweden last year, following a rise of 10 per cent in 1982, Kevin Done reports from Stockholm.

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Nigeria plans further talks on IMF loan

By Michael Holman in Lagos

NIGERIAN Government officials, including the newly appointed Finance Minister, Dr Ona Soleye, are expected to visit Washington in mid-February for further talks with the International Monetary Fund on a loan of more than $2bn (£1.4bn).

The Nigerian team was due to visit Washington next week, but the visit was postponed in order to allow the military Government to select its Cabinet and give Dr Soleye time to prepare for the discussions.

A major obstacle in the talks to date has been Nigerian reluctance to accept a devaluation of the naira as part of the terms for the loan. Nigeria has been negotiating for an extended three-year credit of more than $2bn, and for compensatory finance—because of the sharp drop in oil exports—which could total some $900m.

The country's new leader, Major-General Muhammadu Buhari, has expressed reluctance to devalue but conceded that, given Nigeria's serious economic plight, the Government may have little room for manoeuvre in the talks.

Meanwhile, Nigerian officials will be meeting officials from the governments of Britain, France and West Germany next week for further talks on refinancing the backlog in trade payments. The total arrears are estimated at up to $6bn, of which around $2bn is insured by the European export credit agencies. Talks may also be held with major exporters.

Argentina acts to reassure U.S. on atomic research

BY JIMMY BURNS IN BUENOS AIRES

ARGENTINA'S radical Government has taken the first concrete step to reassure international opinion, particularly in the U.S., that the country's atomic research will henceforth be used exclusively for civilian purposes.

In a move aimed at underlining this commitment, president Raul Alfonsin has sworn in a civilian to head the Argentine Atomic Commission and to disband the control which has been exercised on the nuclear programme by the armed forces for the past 30 years.

Sr Alberto Costantini, an engineer, replaces Admiral Carlos Castro Madero, who over the past seven years since the 1976 coup has been converting the commission into a virtual fiefdom of the navy.

Although Adml. Madero is to retain an honorary posting for the time being, a number of his more controversial projects are expected to be put on ice by the new authorities.

Adml. Madero's public position, anyway, is potentially a fragile one. Human rights organisations have denounced him recently in connection with the alleged "disappearance" of several dissident scientists in the early months of the military régime.

In the coming weeks, he could join a number of senior officers who will have to testify in connection with human rights cases.

International concern about Argentina's nuclear intentions intensified in November when the outgoing military authorities announced that a reprocessing plant capable of producing enriched uranium was being secretly built near Pilcaniyeu, near the southern frontier with Chile.

The plant, which was scheduled to go on stream by 1985, could have eventually been used in weapons production and to fuel Argentina's nuclear-powered submarine which the military régime was also developing.

Sr Alfonsin said that "on no account will Argentina's nuclear programme henceforth be developed for military purposes."

The radical Government has been facing intense pressure from the U.S. and the International nuclear watchdog, the Vienna-based International Atomic Energy Agency (IAEA) to sign the nuclear Non-Proliferation Treaty (NPT) and the Treaty of Tlatelolco which governs the spread of nuclear weapons in the region.

In addition, Argentina is being pressed to accept full-scope safeguards (i.e., IAEA inspection) on all elements of its nuclear programme.

However, Sr Alfonsin has indicated that any change in the juridical status of his country's nuclear policy must be the subject of parliamentary debate and approval. This is expected to take several months.

Cynical Nigerians give new regime benefit of doubt

BY MICHAEL HOLMAN IN KANO

THE CROWD of some 300, milling around the black-barred gates of a warehouse on Kano's Mission Road, was getting increasingly impatient.

The warehouse was filled with sacks of rice, in sight but out of reach, and the crowd had been waiting for hours. The previous day the rice was sold for N45 (£12) per 50 kilo bag—compared with N70 before the New Year's Eve military coup in Nigeria. Then the military governor had decreed a further price cut to N40—and sales had stopped.

"The governor is weak," muttered one impatient lady, her naira clutched in her fist. "He cannot make them sell."

At a leading trading company in the city, the major industrial centre of northern Nigeria, a businessman who has seen military regimes and price decrees come and go was equally cynical: "The law was flouted before, and it will happen again. There are not enough supplies, so the price goes up."

The availability and pricing of basic commodities will be the first, and perhaps the most critical, test of Maj. Gen. Muhammadu Buhari's new regime. The head of state himself has said that price decrees from the time of the last military government will be "dusted off." But he also admits: "You cannot force prices down as such. It's an economic factor, a question of supply and demand."

In Kano, as elsewhere, people are waiting to see whether the Government can deliver, but in the meantime, they are prepared to give the new regime the benefit of the doubt. So far, prices of milk, soap, washing powder and groundnut oil in Kano's market have fallen by as much as half.

Kano state has special reasons for greeting the advent of the military with relief. The state's civilian administration of Governor Sabo Bakin Zuwo, from the People's Redemption Party (PRP) was in danger of becoming a laughing stock.

The governor, a man with little formal education, made the remarkable assertion that his Government was "of illiterates, by illiterates and for illiterates." He seemed determined to put this precept into practice by carrying out a wholesale purge of officials, replacing many of them with candidates who met his unusual standards.

In the wings, watching with much satisfaction, was the former governor, Abubakar Rimi, the sophisticated antithesis of his rival, who himself had been ousted from the PRP and had found a new political home in the Nigeria People's Party (NPP) for whom he unsuccessfully campaigned as gubernatorial candidate in last year's election.

The third element in the state's politics, albeit considerably more discreet than the two politicians, has been the Emir of Kano, Alhaji Ado Bayero, a traditional ruler and religious leader whose retainers at his palace in Kano display an almost feudal loyalty.

Before the coup it was possible to pay your money and take your choice: between the stalls offering indigo cloth, intricately patterned camel-hair rugs and carved gourds, the market traders catered for Kano's divided loyalties. Colour portraits of all three leaders were available for 5 Naira apiece.

They are no longer on sale. As one trader, who sells enamel bread bins carrying a picture of the late Gen Murtala Muhammed, the military leader killed in an abortive coup in 1976, said: "The politicians have been cancelled."

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Consortium softens refinery loan terms

Stanley Tools plans to start importing

By Peter Bruce

STANLEY TOOLS, Britain's biggest manufacturer of hand tools, plans to begin marketing tools imported from Taiwan, Japan, West Germany and France under its own name in the UK in the next few weeks.

The move comes less than a year after a senior Stanley executive publicly attacked hand tool imports as "the greatest single threat to our industry."

Mr Paul Wright, Stanley's marketing manager, said yesterday the company would soon begin to import spanners, sockets and pliers in an effort to gain a foothold in a DIY mechanical hand tools market worth £24m a year in the UK. The tools, he said, would carry country of origin markings.

U.S.-owned Stanley had been planning for more than two years to move downmarket from its range of high-quality hand tools, used mainly in woodworking, and bad been unable to find any British producers capable of supplying the tools at the right price, Mr Wright said. The company will be importing spanners from France, sockets from Taiwan and pliers from Japan and West Germany. They would be "quite deliberately" aimed at the low priced market.

Stanley pointed out yesterday that the import proposals formed part of a plan under which the UK plants would become exclusive suppliers of Stanley's range of planes to the U.S. About 30 jobs had been created to cope with extra work transferred from the U.S.

Nevertheless, the announcement of plans to begin importing tools is likely to embarrass Stanley's UK executives, who have led complaints by local hand tool manufacturers that imports were taking too large a share of the UK market, worth £171m overall in 1982.

It is thought that pressure to begin importing originated with the parent company in the U.S.

Mr Noel Williams, a Stanley director and former president of the Federation of British Hand Tool Manufacturers, pleaded with the industry last April to begin trading among themselves in an effort to stop UK producers buying abroad.

Imports in 1982 rose 12.2 per cent to £90.3m as the home market fell from £175.1m to £171.1m. The industry's traditional positive trade balance, of £16.7m in 1982 had already fallen from £27.2m in 1981 and is expected to come under further attack this year as major markets in Africa and Latin America wrestle with recession and debt servicing.

Severn project 'would create 5,000 jobs'

BUILDING A second Severn road crossing and a tidal barrage would create some 5,000 jobs, on site and in adjacent communities, during a six year construction period, said Mr Peter Marsh, director of Wimpey Atkins.

At a press conference in Bristol, he described the benefits and advantages of the Wimpey Atkins proposal for a combined second Severn road crossing and tidal power generating barrage, costing £885m. This would be privately financed.

Government fails to agree EEC plan for steel cuts

BY PAUL CHEESERIGHT IN BRUSSELS

THE Government has failed to agree with the European Commission a programme of extra steel cuts covering 500,000 tonnes of capacity.

It is believed in Brussels to be unlikely that agreement will be reached by January 31, the final date on which the Ten can notify the commission of restructuring plans in order to qualify for government subsidies.

The 500,000 tonnes in question was demanded last June as an extra cut by the commission as part of a wider plan affecting EEC steelmakers. The aim is to reduce EEC steel capacity by 26.7m tonnes by the end of 1985 from a maximum possible capacity in 1980 of 168.6m tonnes.

The British tonnage came on top of the 4m tonnes cut in capacity already affected or planned.

But the Government has consistently argued with the commission that 380,000 tonnes of the 500,000 should already be credited to the capacity-cut plans it had told the commission about.

Such cuts involve not only the British Steel Corporation but also the private sector, where substantial restructuring of engineering steelmaking capacity is under way.

The commission has continued to contest the British claim, in what has developed into a complicated statistical dispute.

On neither side does there appear to be much worry about the balance of 120,000 tonnes, which are considered to be minor reductions on the margins of the major restructuring.

The dispute about capacity does not presage in itself any further large closures in British Steel. If they are to come within the EEC context, they are more likely in the parallel context of another government dispute with the commission.

This concerns the future viability of British Steel, which the Government believes can be achieved by the end of 1985 in line with the broad EEC target, but which the commission believes is unlikely without the closure of Ravenscraig—one of the five British Steel complexes.

Co-op bans Allied Lyons products

BY LISA WOOD

A DISPUTE over the selling of cut-price drink at Christmas has resulted in Co-operative Retail Services, Britain's largest retail co-op, banning all Allied Lyons products from its shelves. Other co-operative societies are taking action on similar lines.

Shortly before Christmas, supplies of Harvey's Bristol Cream and Teacher's whisky — both brands owned by Allied — ceased to be supplied to the CRS because they were being sold below the recommended price.

In retaliation, the CRS, which has an annual turnover of about £900m from its 721 stores, has instructed its shops not to sell Allied Lyons group brands. This includes cakes, cereals and tea.

The Co-operative Wholesale Society, which is negotiating with Allied on behalf of the CRS, said: "The CRS took exception to Harvey's and Teachers dictating to them at what prices they should sell to their customers.

"In due course we hope to achieve a trading relationship with Allied that satisfies the CRS."

The CRS has some 3 per cent of the total UK packaged grocery trade.

Allied Lyons said it was not aware of the issue, but discussions were still going on concerning whisky and sherry supplies.

A similar pre-Christmas dispute over loss-leading broke out between Rowntree Mackintosh, the York-based confectionery company, and the Asda and Woolworth store chains. The manufacturer stopped supplies of its large tins of Quality Street chocolates after the two multiples sold them as loss leaders. However, trading relations have now returned to normal, with the two multiples no longer loss-leading on the products.

● The Boots retail chain hopes for the first time to sell wine in some of its stores as part of a new marketing strategy.

The company has applied for a licence to sell alcohol in its Birmingham store, which is being refitted at a cost of about £1m. Boots plans to sell wine as part of a range of up-market food and drinks.

The licence application is being challenged by the Birmingham Temperance Society, which feels that selling alcohol in retail stores increases the temptation for people to drink. Mr Jesse Boots, founder of the company, was a member of the temperance movement.

Although Boots has for some time sold beer and wine making kits, this is the first time that it has sought a licence to sell alcohol. If the experiment is successful, it could extend the practice to several of its larger stores.

Research and development spending for defence up

BY DAVID FISHLOCK, SCIENCE EDITOR

THE PROPORTION of central government spending on research and development has risen for the defence industry but fallen for other industries since the mid-1970s.

This was revealed by the Government yesterday in the first annual review of research expenditure which shows that central government spent £3.4bn in 1981-82.

Civil industry support has dropped, mainly because of the run-down of major expenditure on the research programmes of Concorde and the Rolls-Royce RB.211 aero-engine. Defence accounted for 49.9 per cent of the Government's research and development expenditure in 1981-82, equivalent to 12.3 per cent in an industry with an outturn of £13.6bn.

The next largest slice of the research budget—26.6 per cent—went to education and science, where it represented 11.5 per cent of the national expenditure of £11.8bn.

Industry, energy, trade and employment together took 14.9 per cent of the research budget, representing 5.2 per cent of activities involving expenditure of £5.3bn. Of this, energy accounted for 6.4 per cent of the research and development budget.

Altogether, the Cabinet Office review, compiled by the staff of the Government's chief scientific adviser, Dr Robin Nicholson, breaks research and development expenditure down into 17 programmes.

Annual review of Government funded R & D 1983. SO, £5.

British Airways plans bonus

BRITISH AIRWAYS is considering making its first bonus payments to staff under its profit-sharing scheme launched in November.

The state-owned airline made operating profits of £205m in the first half of the 1983-84 financial year, to the end of September. These profits, if maintained to the end of the financial year, would be worth just over a week's basic pay to all staff covered by profit-sharing.

EEC aid saves Ayrshire factory expansion plan

Financial Times Reporter

THE European Commision has confirmed that the Government proposed financial aid for the Hyster fork lift truck factory expansion at Irvine, Ayrshire, is within EEC guidelines and so the £40m expansion plan can go ahead.

Hyster claims that the expansion plan could create up to 1,000 jobs over five years. The U.S.-owned plant employs about 500 people at present.

The plan ran into trouble when trade unions at a Hyster plant in the Netherlands, due to be closed because of the Irvine expansion, won a Dutch court ruling preventing its closure.

It bad been feared that the failure to close the Dutch plant would damage Hyster's bid for regional and training aid.

The Scottish Office said yesterday: "The Government has always believed that the aid package negotiated with Hyster in respect of its Irvine facility fell within the guidelines for the provision of aid agreed with the EEC."

Post Office cuts cost of sending money abroad

THE COST of sending money abroad through the Post Office is coming down from Monday. National Girobank, which provides the Post Office's overseas money transmission service, is reducing the fixed charge for each transaction from £3.50 to £2.50.

Cash may be paid in at almost any UK Post Office, with a payment slip available at the Post Office. If payment is by cheque it is sent by the payer, with the completed slip, direct to Bootle, near Liverpool, allowing seven days for cheque clearance before onward transmission of the sum of money.

The service is only applicable to amounts denominated in sterling by the payer.

A date-stamped counterfoil is returned to the payer as a receipt. Documentation is sent by air mail. Payment abroad is made by Girobank in the most appropriate form applicable in the country of destination.

£500,000 for software group

APA VENTURE Capital Fund, the £10m institutional fund is to invest £500,000 for a 25 per cent stake in a leading applications software supplier, Package Programs.

Package Programs started in 1970 with four consultants, but now has sales of £5m and employs 80 people.

Mr Roy Taylor, the company's chairman and managing director, said yesterday: "We are confidently expecting an acceleration of an upward trend in turnover and this injection of cash together with APA's involvement will assist our programme of internal expansion and the acquisition of related software companies, leading to an intended flotation."

BICC to axe up to 350 jobs on Merseyside

By Erin Hennessey

BICC CABLES is to make between 300 and 350 employees redundant at two of its eight operating plants in Prescot, North Merseyside.

The plants involved are Prescot Industries, a support factory for the group, and Reliance Cords and Cables, which makes flexible cord for consumer goods. Both have suffered heavy losses for some time.

Talks are being held with unions. Up to 250 of the 770 jobs in Prescot Industries are to go. Reliance Cords will shed up to 100 of its 180-strong workforce.

The other 800 to 650 jobs have been safeguarded. Both companies are owned totally by BICC, which employs 3,150 at Prescot.

The company said yesterday that both operations would be scaled down significantly. Prescot Industries would cease to exist though some of its products would be made in small units. At Reliance products will be cut during the year.

Last August, Ward and Goldstone, the wire, cable and electrical accessories maker, closed its lossmaking cable division in Salford, Manchester, making 550 redundant at three factories.

● From Europe, the South Wales vehicle-filter makers, yesterday announced plans to invest £400,000 to modernise production facilities with the loss of 125 jobs among its 400 workforce.

About 20 jobs will disappear immediately under the plan, agreed in principle by Engineering Union officials.

● Osram is to close its Team Valley light-bulb factory in Gateshead with the loss of 310 jobs.

Revolt looms over rate support grant

BY PETER RIDDELL, POLITICAL EDITOR

ENVIRONMENT ministers and whips will, over the weekend, try to avert a potentially embarrassing revolt on Monday over the rate support grant for England for 1984-85.

The issue has become tied up with the separate controversy over the Government's Bill to limit local authority rate increases. Some MPs from shire counties, which are angry about the likely squeeze on their spending as a result of the rate support settlement, are also critical of the proposals in the Rates Bill to have a reserve power limiting local rate increases. The two groups of critical MPs overlap but are not identical.

Strong criticism

Some MPs at Westminster were yesterday hopeful that Mr Patrick Jenkin, the Environment Secretary would offer concessions on the grant settlement to lessen the impact on the shires. This might affect their attitude to further consideration of the Rates Bill.

Mr Francis Pym, former foreign secretary, has made known his strong criticism of the grant settlement which, he feels, discriminates against his Cambridgeshire constituency. Up to two dozen MPs may be considering refusing to support the Government unless concessions are made.

The rate support settlement for 1984-85, which further reduces Government's contribution to local spending, has a particular impact on shire areas.

Controversy

There is otherwise little connection between the various rebellions of the past week — on Monday against the Bill to permit the privatisation of the Royal Ordnance factories, on Tuesday against the Rates Bill, and on Thursday against a cut in housing benefit. Different groups of MPs were involved and on housing benefits, for example, there was none of the vehemence associated with the controversy of 1981-82 over the cut in unemployment benefit.

Similarly, the decision by Mr Edward Heath, the former Tory leader, to vote against the Rates Bill, is causing little stir at Westminster. Fellow Tory MPs, including former close colleagues, have long regarded him as an isolated maverick with no supporters.

Flow of funds to institutions rises

BY MAX WILKINSON

THE FLOW of funds into financial institutions including building societies and pension funds rose to £7.74bn in the third quarter of last year, 4½ per cent more than in the corresponding period of 1982, according to official figures published yesterday.

They showed that the flow of institutional investment into overseas securities slackened in the third quarter to £607m, compared with £694m in the second quarter and £1.2bn in the first quarter of the year.

The figures also show a very large take-up of gilt-edged securities by the institutions in the third quarter. Total purchases were £2.55bn, compared with £1.3bn in the second quarter and £960m in the first three months of the year.

Warning on risk of further City fraud

By John Moore, City Correspondent

THERE WILL be another fraud scandal in the City unless the Government produces proposals for the more effective prosecution of crimes involving commercial malpractice, a former deputy chairman of the Stock Exchange warned yesterday.

Mr Peter Wills, a partner in Sheppards and Chase, the stockbroker, and a former deputy chairman of the Stock Exchange council, gave his warning yesterday during a conference on the future of the Stock Exchange in London.

He said the Government should expedite the work of a committee chaired by Lord Roskill, which is reviewing the law and procedure governing the conduct of criminal proceedings arising from fraud. Unless there is prompt action by the Government "there is going to be another major fraud."

In a speech on investor protection, Mr Wills said the Stock Exchange would like self-regulation to continue in the City and that Professor Jim Gower in his review on investor protection published this week, indicated the Stock Exchange was a model self-regulatory agency. But, he said, because of the weaknesses of other self-regulatory bodies, further supervision appeared necessary.

He raised questions about who should be the main supervisory body. He said he had "grave doubts" about the Bank of England's involvement in investor protection. It was not much used to investor protection, he argued. He also had doubts about the role of the Council for the Securities Industry, which he said was composed of people drawn from various sections of the City.

Seaside hotels criticised by BR

By Arthur Sandles

BRITISH RAIL has sharply criticised UK seaside resort hotels for high prices and low standards which have led to a decline in their popularity for main holidays — and demonstrated its irritation by launching an air package tour programme of its own.

Golden Rail Holidays, British Rail's tour operating subsidiary, is launching a series of holidays to the Spanish mainland, Majorca and Malta with prices from £132 per week. The holidays are at present organised through Cosmos Tours, but there is a clear indication that Golden Rail will enter the foreign air tour market in its own right if the holidays sell well.

The trips are linked to rail travel in the UK, with flights timed in such a way that rail travellers can depart from most main UK stations in the morning and arrive in their hotels that evening, without an overnight stop in London. The return journeys are also timed to enable travellers to reach home on the same day.

Mr Bill Lee, Golden Rail's manager, said that while there had been a considerable rise in short break holidaymaking in Britain, Golden Rail's business in main holidays to the seaside fell by 11 per cent last year.

"I blame the British resort hotels," he said.

Prices were still too high and private bathrooms scarce. He said that while there were exceptions, as a general rule seaside hotels had failed to improve standards.

As a result the British holidaymakers who took their main holidays in this country were looking inland rather than to the sea. London was growing in popularity, and cities such as York and Edinburgh are much more favoured than the most popular seaside resorts, Torquay and Bournemouth.

Satellite TV co-operation deadline for broadcasters

BY RAYMOND SNODDY

THE GOVERNMENT has asked Britain's broadcasters to decide within two weeks whether or not they can co-operate on direct broadcasting by satellite.

The BBC, the Independent Broadcasting Authority and the Independent Television Companies Association will next week begin an urgent review of the legal and financial problems of co-operation in space and whether the £350m-£400m project is worth pursuing.

A tripartite working party was set up on Thursday after a meeting of all sides involved at the Department of Trade and Industry. It will be headed by Mr Bill Cotton, managing director of the BBC's direct broadcasting by satellite operation, Mr John Whitney, director general of the IBA, and Mr Brian Tesler, chairman of London Weekend Television and chairman of the cable and satellite working party of the Independent Television Companies Association.

If the working party is in favour of satellite broadcasting, Government will have to decide whether to amend the Cable and Broadcasting Bill at the committee stage in the House of Commons in April.

The Stated Home Office policy and the hopes of the Department of Trade and Industry seem difficult to reconcile and the issue may ultimately end up on the Prime Minister's desk.

The DTI wants the BBC and the IBA to get together on direct broadcasting as the only obvious way of preventing the collapse of United Satellites, the consortium set up to build the three-satellite system for the BBC.

Unisat claims to have already spent or committed £50m to the project in spite of the fact the BBC has not signed the final agreement, and probably never will unless suitable partners are attracted.

If the IBA and the ITV companies felt able to go ahead with a satellite project with the BBC they are likely to ask a high political price.

The ITV companies would first ask as a quid pro quo that their eight-year terrestrial franchises should be extended beyond 1989. In the past Mr Paul Fox, chairman of the Independent Television Companies Association has called for an extension to 1992. This would require legislation.

Co-operation could also go against the Home Office policy on competition spelled out by Mr Leon Brittan, the Home Secretary, at the Royal Television Society conference at Cambridge in September.

He shocked the IBA and the ITV companies by making it clear that the existing companies would have no automatic right to either of the two DBS channels for the independent sector and the IBA would be the franchiser and regulator not the satellite contractor.

As part of any deal the ITV companies — possibly as a 15-company consortium — must clearly have the right to at least one channel.

The plans under discussions at the moment would involve the equal sharing with the BBC of three of the UK's five potential DBS channels. The IBA would probably have to have a much more direct role in the proceedings. It is not clear where this would leave other parties interested in DBS — such as Goldcrest Films and Television.

If all the problems can be overcome, the likelihood is that a separate joint company would be set up.

But as the working party begins its meetings, there is no visible commitment and the chances of success are probably below 50 per cent.

Fourth channel to get £139m

BY RAYMOND SNODDY

THE INDEPENDENT television companies will pay £139m in subscriptions to fourth channel television services in the next financial year, the Independent Broadcasting Authority said yesterday.

Channel 4 will receive £111m, a rise of 9.4 per cent, and the Welsh Fourth Channel £28m, a rise of 11.5 per cent.

The ITV companies will also repay capital and interest charges together of £23.8m on the £49m loan arranged by the IBA to cover early costs on Channel 4. About £7m of this is being repaid early.

Channel 4 and the Independent Television Companies Association yesterday welcomed the settlement as a reasonable compromise.

The subscription allocated to Channel 4 was almost exactly halfway between the £117m sought by Channel 4 and the £106m argued for by the ITCA.

Mr Justin Dukes, managing director of Channel 4, said it was the sort of compromise that should allow the commercial television system to operate with harmony.

Administrative costs at Channel 4 would be held to the rate of inflation so there would be an extra 4.8 per cent in real terms available for programmes.

In allocating the subscription, greater emphasis has been laid on the share of advertising revenue earned by each company.

This has resulted in substantial rises in payments for some companies. Thames's subscription rises from £19.59m in the current financial year to £22.78m in 1984-85.

By contrast the subscription paid by Ulster Television will rise from £203,000 to £215,000.

Net advertising revenue for ITV as a whole in 1983 was £824m, a rise of 18.3 per cent.

In addition to subscriptions and loan repayments the ITV companies have to pay about £51m for items such as IBA engineering and transmission costs for fourth channel services.

Although Channel 4's share of the total television audience has remained at about 5 per cent for much of last year it rose to 7 per cent for the week ending January 8. Its "reach," that is the number who watch at least one programme a month, has been steadily rising.

In the past year the monthly reach has risen from about 60 per cent to 76 per cent.

Channel 4 also plans to extend its broadcasting hours this year. Midweek horse racing could be introduced by March.

Health care exports show increase

BY GARETH GRIFFITHS

UK HEALTH care exports to the Middle East are increasing in spite of the region's downturn in economic activity, according to a series of studies announced yesterday by World-wide Medical Markets, a health research group.

The reasons for the increase are given as advances in medical technology by UK manufacturers and improvements in after sale servicing. The UK also benefitted from continued high state expenditure on health care in the Middle East, particularly in Saudi Arabia.

Medical equipment exports in 1982 were worth £44.7m, an increase of £2.1m over the previous year. Exports to Saudi Arabia rose by 37 per cent to £15.1m and there was a 23.6 per cent increase in exports to the United Arab Emirates to £10.8m. There were, however, sharp declines in medical equipment exports to Egypt and Libya.

Pharmaceutical exports to the Middle East in 1982 showed a 29.8 per cent increase to £152.5m and more than half of those sales were in Saudi Arabia.

The nine markets covered by the studies were Bahrain, Egypt, Kuwait, Libya, Oman, Qatar, Saudi Arabia, United Arab Emirates and the Yemen Arab Republic.

Health care exports look set to continue growing into Saudi Arabia where the budget is expected to show a strong emphasis on health spending and where a $2bn (£1.41bn) hospital re-equipment programme is about to begin.

The converse is that there is likely to be a continued decline in the number of patients coming to the UK for medical treatment as Middle East governments tighten up on spending outside the region.

Joseph gives school changes timetable

BY IVOR OWEN

IT WILL BE four or five years before the changes in school examinations and curricula being urged by the Government begin to produce significant results, Sir Keith Joseph, the Secretary for Education, told the House of Commons yesterday.

He also made it clear that his prospects of persuading the Cabinet to make more money available for education would be improved if local education authorities first demonstrated their ability to make better use of the resources already available to them.

MPs of all parties gave a general welcome to the aims outlined by Sir Keith in a major speech a fortnight ago in Sheffield.

A basic element in his programme for reform is a move away from norm referencing in examinations — measuring the relative ability of children, to criterion referencing—measuring them against absolute standards.

Mr Giles Radice, Labour's Shadow Education Secretary, called on Sir Keith to take more fully into account the effect which environmental factors had on the performance of school children. Poor prospects of securing a job when a quarter of young people under 25 were unemployed were bound to have a major influence on motivation at school, he contended.

Mr Radice quoted a 15-year-old in an area of high unemployment who had told him that, "education is the road to nowhere."

However, he praised Sir Keith for being the first Conservative Education Minister to recognise that the "comprehensive revolution" in state schools had actually happened and that some good had come of it.

Mr Radice stressed: "No major educational improvement can be achieved without a great deal of extra resources. That is the plain truth."

ICI Fibres shows slight sales upturn

By Anthony Moreton, Textiles Correspondent

ICI FIBRES will probably show a loss over 1983 even though it managed to move into the black in the last three months of 1983. The parent company ICI will release its own figures towards the end of March.

The improvement followed almost four years of serious losses and is reflected elsewhere, notably at Hoechst and Enka. Even the heavily loss-making Italian groups are thought to be moving towards profitability now.

In spite of strenuous cost-cutting by all European producers, total man-made-fibre production in Europe was still in the red last year.

ICI has managed better than most because it was one of the first to bring its output into line with capacity through plant reductions and job cutting.

Mr John Lister, the division's chairman, said in Harrogate yesterday there was still little overall upturn in output.

The company had benefitted from some closures by Italy's Montefibre, from slightly larger sales in the U.S., and from an upturn in the European carpet business, especially in the UK.

Cost reductions brought about by the closures in 1979-81 were now beginning to show in the financial returns, Mr Lister said.

The company is also being helped by a big increase in productivity in its British plants, which were now approaching the efficiency of its operation at Ostringen in West Germany.

The fibres division is operating at about 85 per cent capacity and could push output by about 10 per cent more without necessarily having to take on more workers.

Squash linked to sudden deaths

By David Fishlock, Science Editor

THIRTY apparently fit people in Britain, including 12 in top management, dropped dead from playing squash between 1977-83, according to a report in The Lancet today.

All died what doctors call sudden death, in all but one case collapsing either while play or in the next hour.

Their ages ranged from 22 to 66 with an average of 47, and all but one were men.

All the victims were employed and most were considered by relatives to be thrusting personalities.

In six cases the next of kin described a competitive, ambitious, hard-driving perfectionist.

Eleven were considered to be very aggressive, two very competitive, and one obsessive about fitness.

The doctors who investigated these sudden deaths are from the Department of Medical Cardiology at the Victoria Infirmary, Glasgow.

Three-quarters of the victims turned out to have "significant" coronary heart disease, and a dozen were known by their doctors to have heart trouble.

The Glasgow doctors say it is possible that many of the victims, particularly those who began to play in their 40s, took up squash "to benefit from any preventive effect of vigorous exercise," on coronary heart disease.

They warn, however, that it is unlikely that such exercise would be able to protect against or reverse the problem, and may even make the person more liable to heart trouble.

In 22 cases, the victims had had early warning of heart trouble in the form of chest pain, stomach upsets, excessive fatigue or trouble in breathing.

The Glasgow doctors unearthed their cases through Press reports and were able to find only a further seven sudden deaths associated with other sports during the same period.

But they say they cannot judge whether squash is more likely to cause sudden death than other sports. The difference may be due to incomplete reporting of sudden death, or it may reflect the greater popularity of squash, especially in the "coronary-prone group," they say.

Hunter Print wins one-week contract from Radio Times

BY DAVID GOODHART, LABOUR STAFF

THE BBC announced yesterday that Hunter Print will be printing the 600,000 copies of the Radio Times that were not produced because of the dispute between Sogat '82 and the British Printing and Communication Corporation.

The company, which prints in Peterlee and Corby, has a one-week contract for the issue of January 28 but hopes to have it renewed. Sogat has been blacking the printing and distribution of the 600,000 copies, formerly printed at the BPCC Park Royal plant, and the BBC is thus not committing itself to long contracts.

The Sogat members at Hunter Print have decided to go ahead and work despite pressure not to accept the contract. Mr Chris Bramley, director of the Hunter Print Peterlee plant, said yesterday: "Our Sogat members have taken account of the situation but because there is no official dispute between the union and Hunter Print have decided to work normally."

Earlier in the week legal proceedings against the union from the BBC and BPCC were dropped after the BBC decided to withdraw its contract from BPCC for the 600,000 London area copies. The rest of the contract for 2.7m copies is still with BPCC.

But the dispute between the BPCC and Sogat over the planned closure of the Park Royal plant will not "go away" and there is a strong possibility that Sogat members in London will continue to refuse to distribute the next issue. In that case the BBC is likely to return to court seeking further injunctions against the union.

● The National Graphical Association is expected in court in Manchester on January 27 to purge its contempt of court in the Messenger Newspaper Group dispute.

AUEW in merger moves

By David Goodhart, Labour Staff

THE EXECUTIVE of the Amalgamated Union of Engineering Workers meets this weekend to consider a number of constitutional changes that could pave the way towards a merger with the Electrical and Plumbing Trades Union.

Such a merger is a long term goal of the right-wing in the AUEW but is hampered by the fact that the two unions have a number of basic organisational differences. The AUEW, for example, elects local officials and the EPTU appoints them — and the engineers allow considerably more autonomy to their local organisations.

The AUEW executive is deciding which revisions of the union rule book to put before the 1985 rules revision conference. The right wing solidly dominates both the executive and the conference so the executive's proposals are likely to become rules.

The left in the union fears that the executive may propose limiting the power of the local district committees and appointing instead of electing some layers of officialdom.

Pay settlements remain in 4.5 to 7.5% range

BY PHILIP BASSETT, LABOUR CORRESPONDENT

PAY SETTLEMENT levels are remaining stable, in the range of 4.5 per cent to 7.5 per cent, according to the research group, Incomes Data Services, in its latest pay survey, to be published next week.

IDS' analysis is broadly in line with that of the CBI, which this week claimed most current settlements are ranged between 3 per cent and 8 per cent. While the CBI's Pay Databank claimed a measure of stability, it claims that settlements are still moving downward.

Arguing strongly that the size of deals is not coming down, IDS says settlement levels in the final quarter of 1983 were no lower than in the previous quarter. It says: "Most basic pay increases are running at or slightly above the rate of inflation with a significant group of deals some two or three percentage points ahead of the 5 per cent inflation rate."

Deals so far this month, particularly industry settlements, show a continuation of these inflation-proofed rises, with a number of company settlements at 6 per cent and 7 per cent.

On the basis of this, IDS suggests: "The view of the Treasury and others that there would be a steady convergence of increases to 5 per cent during the second half of 1983 has not been borne out, and it seems unlikely that such a convergence will occur in the first six months of 1984."

The research group suggests that within this settlement spread, there are both clear sectoral patterns in such areas as cars, oil and road haulage, and evidence of tight local labour markets producing especially competitive pay settlements.

Delivery strike hits Ford again

FORD'S car plant at Halewood, Merseyside, was hit again yesterday by a strike at one of the two long-distance delivery companies which distribute Ford's Escort and Orion models to the dealers.

Ford said 300 cars a day were being stockpiled because of the stoppage by 100 drivers employed by Tolmans. The dispute is over the annual wage negotiations.

The strike started earlier this week and more than 1,000 cars have been stockpiled in the plant's compounds.

Ferry threat

SEAMEN ARE threatening to halt more than 20 day-time cross-Channel ferries on Monday in protest at the planned closure of the Dreadnought Hospital for seafarers at Greenwich. The unofficial action is planned by Sealink and Townsend Thoresen crews and could spread to P & O, whose men meet today.

BT union move

THE 6,000 members of the Society of Civil and Public Servants working in British Telecom have voted by 1,052 votes to 141 to transfer into the Society of Telecom Executives, the 24,000 strong BT management union.

Growth seen in private medical insurance

By Eric Short

MORE people are seeking private medical insurance, according to Mr David Lock, managing director of Private Patients Plan, Britain's second largest provident association.

Mr Lock claimed that the total number of new subscribers to medical insurance in 1983 rose by around 5 per cent. PPP gained 48,000 last year, a rise of 12 per cent, taking the total number of its subscribers to over 440,000 at the end of the year. The number of individual subscribers rose by more than 12,000.

Mr Lock refuted suggestions that the provident associations were in difficulties. As far as PPP was concerned, it had had an excellent financial result in 1983.

Details of the results, and the uses to which the surpluses would be put, would be given at the Annual General Meeting on June 7, he said.

Mr Lock said that in order to provide the service expected and maintain its financial position, PPP reviewed its subscription rates at six-monthly intervals, in January and July. It had increased subscriptions this month by amounts varying from 5 per cent to 15 per cent.

School meals staff ready for cuts

BY DAVID BRINDLE, LABOUR STAFF

UNIONS representing 300,000 school meals staff are braced for widespread declarations of redundancies and moves to cut pay and conditions as local authorities fix their 1984-85 budgets.

The decision by Hertfordshire County Council's education committee to scrap its school lunch service, implying the loss of about 2,400 (mostly part-time) jobs, is being viewed as only the first blow to fall this winter.

"There is no doubt that the traditional school dinner lady is an endangered species," said Mr Alistair Macrae, national officer of the National Union of Public Employees. "She is a surprisingly hard fighter, though, and has tremendous support within the community."

While the decline in the number of jobs involved in the preparation and serving of school meals is undoubtedly gathering pace, it has been evident for some years.

It is estimated that in England and Wales the number of part-time posts fell by more than 11 per cent from 258,000 in 1979 to 229,000 in 1983. The number of full-time posts (classified as more than 30 hours a week) fell over the same period by 55 per cent from 53,000 to 24,000—many of the lost jobs becoming part-time appointments.

Some of the losses can be attributed to declining demand for cooked lunches, either because of changing tastes or because there are fewer children in schools. But other losses have resulted from local authority spending cuts and a large number of authorities are this year looking to their school meals services for savings to meet government cash targets.

Mr John Edmonds, national officer of the General Municipal and Boilermakers' Union, said the extent of cutbacks proposed in the sector in 1984 will compare with the vogue for privatisation of council services in 1982-83.

He said: "I think that over the next six months we will see a number of authorities making attempts to run down their school meals services, but they will find it is not something they can do without a lot of animosity from us and from parents."

Three county councils — Dorset, Lincolnshire, and Hereford and Worcester — have already ended lunch provision in primary schools. In Lincolnshire, there are about 450 jobs in the service compared with more than 2,000 in the late 1970s. The London borough of Merton has privatised its service.

Among proposed cuts, Nupe says Hampshire wants to shed 500 jobs this year and Birmingham plans to save £1.2m on its service — although an earlier proposal to scrap the Birmingham service with the loss of up to 5,000 jobs was dropped.

Other authorities are attempting to make savings on pay and conditions. In general, this means reducing holiday entitlement and ending the half-pay retainer to which meals staff are entitled outside term time.

The local authorities tried and failed last year to make changes in the national agreement on pay and conditions and the unions accuse councils such as Dudley, Devon, Kent, Lincolnshire and even Labour-controlled Durham of having breached or of planning to breach the agreement.

While the widespread run down of the school meals service would leave a huge dent in the membership figures of Nupe and the GMBU, it would also close one of the few major openings for part-time employment for women.

Mr Macrae said: "The hours worked are particularly suitable for married women. Most of the school meals ladies are themselves mothers of children, so they are not only providers of the service but, in an indirect way, consumers."

New cheque card design

THE 20 banks which are members of the standard cheque guarantee card scheme have agreed on a new and more secure design which will start being introduced within a few months. The new design will replace existing cards as they expire over the next two years.

The new cheque card will have many new security features, including:

● Fine line security printing with rainbow effect colours (as on banknotes and travellers cheques);

● Larger signature strip with security printing;

● A hologram with three planes depending on the angle of vision, showing the money mark symbol, "£50" and "bank card;"

● Security printing on the back of the card.

The banks which will be issuing the new cards are: Allied Irish Banks; Bank of England; Bank of Ireland, Bank of Scotland; Clydesdale Bank; Co-operative Bank; Coutts & Co; Hoare (C.) & Co; Isle of Man Bank; Lloyds Bank; Midland Bank; National Bank of New Zealand; National Westminster Bank; Northern Bank; Royal Bank of Scotland; Standard Chartered Bank; Trustee Savings Banks; Ulster Bank; Williams & Glyn's Bank; Yorkshire Bank.

GLC buys painting for £43,699

THE Greater London Council bought a painting by the 18th century Italian artist Panini for £43,699 at Sotheby's in New York on Thursday. It will hang in Marble Hill, Twickenham, the house for which it was originally commissioned from the artist more than 200 years ago.

The London dealer Mr George Levy bid for the painting in an Old Master sale. It depicts figures in a classical landscape. Five paintings on this subject were commissioned to decorate Marble Hill, which already has two of the set on loan from British Rail. The other two are believed to be in South America.

Profit for Welsh agency

BY ROBIN REEVES, WELSH CORRESPONDENT

THE Welsh Development Agency has realised a profit of more than £1.5m on the sale of its shareholdings in Bio-Isolates (Holdings) and the Myson Group.

The agency initially backed Bio-Isolates with a £100,000 investment when the company was launched to build a pilot plant to extract pure protein from whey. This stake was converted into a sharholding when the company obtained a listing on the Unlisted Securities Market in 1982.

The agency disposed of the last of its original 848,000 shares in Bio-Isolates last month, earning a total profit on its initial investment of more than £1m.

The agency's profit of £528,000 from Myson stems from an investment of £600,000 in 1978 to help the Myson Group to take over Penrad Radiators of Cardiff which had gone into receivership.

Investment prize set up

THE Wincott Foundation has instituted an annual prize of £250 for performance in the Society of Investment Analysts' Associate Examination. The prize is to go to the outstanding paper or papers in group B, covering techniques of investment, introductory economics and investment regulation and practice.

Harold Wincott, the distinguished financial journalist, was for many years a contributor to the Financial Times, and was editor-in-chief of the Investors Chronicle. The foundation was set up on his death in 1969, and since then has given annual awards to the year's outstanding financial journalists, besides making grants for research in financial topics.

The winner of this year's Society of Investment Analysts' award is Richard Anthony Mountford, of J. Henry Schroder Wagg.

SAVINGS OFFERS

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UK CONVERTIBLE STOCK 21/1/84

Statistics provided by DATASTREAM International

Name and description	Size (£m)	Current price	Terms*	Conversion dates‡	Flat yield	Red yield	Premium† Current	Premium† Range§	Income Equ.	Income Conv.	Income Div◊	Cheap(+) Dear(−) Current
British Land 12pc Cv 2002	9.60	345.50	333.3	80-88	3.5		−4.5	−7 to 2	35.6	42.2	1.5	+6.3
Hanson Trust 9½pc Cv 01-06	31.54	289.50	107.1	85-01	3.4		−4.9	−13 to −1	169.3	74.1	−31.3	−36.4
Slough Estates 10pc Cv 87-90	5.03	260.00	234.4	78-85	3.9		−9.8	−11 to −5	18.5	9.2	−3.2	+6.6
Slough Estates 8pc Cv 91-94	24.72	119.50	87.5	80-89	6.7	4.9	−0.4	−3 to 8	26.3	29.9	2.5	+3.2

* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent per annum and is present valued at 12 per cent per annum. ◊ Income on £100 of convertible. Income is summed until conversion and present valued at 12 per cent per annum. ◊ This is income of the convertible less income of the underlying equity expressed as per cent of the value of the underlying equity. (+) The difference between the premium and income difference expressed as per cent of the value of underlying equity. + is an indication of relative cheapness, − is an indication of relative dearness. ⊕ Second date is assumed date of conversion. This is not necessarily the last date of conversion.

Looking for a record each day

It may end in tears but for the present the party looks too much fun to play for safety and go home. The performance of the FT 30-Share Index has been pretty startling, though for some perspective a look at the All-Share Index calms the nerves a little. After all, that barometer of the market is only registering a rise of a tenth over last summer's post-election prices.

U.S. investors are still coming into British equities with a surprising amount of enthusiasm; leastways it seems that way from London. Yet look at the performance of worldwide equity markets last year in dollar terms and you can see the rationale. Throgmorton Street was one of the worst performers with a total return on the year of 16 per cent. Contrast that to returns of 80 per

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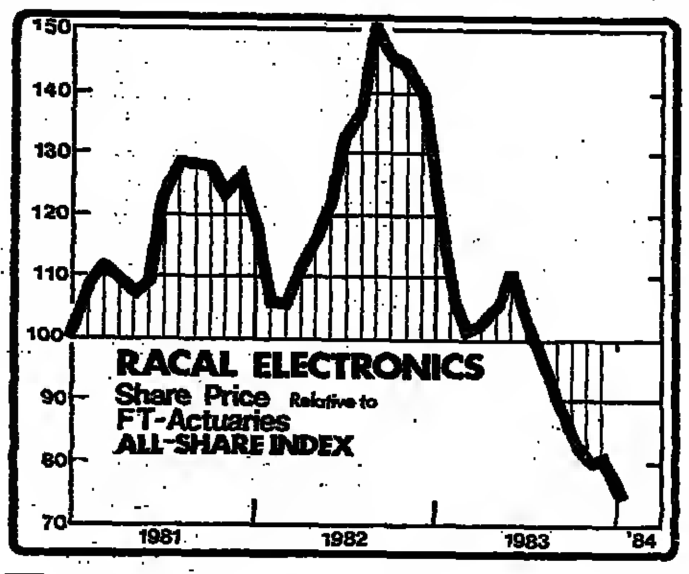
cent in Norway and Mexico, 70 per cent in Denmark.

Putting aside the wonderful extremes and looking at more realistic comparisons such as a 27 per cent return from Japanese equity prices, 24 per cent from West Germany and 23 per cent from the U.S., still leaves the UK in the shade. Of course U.S. buying is fairly selective. Wall Street has not picked up on the British investment trust sector, for example, which would give it a much wider exposure.

Not that it is just the Americans who are buying. The French and Swiss are active players on the London scene at present and domestic institutions are not far behind.

The more sober minded can find plenty of reasons to suggest that prices have gone too far but for the moment, at least, weight of opinion is going the other way.



Stalled Racal

On the face of it continued unrest in the Middle East should act as a spur to defence spending among the Arab nations, yet declining oil demand has hamstrung more than one defence budget. Saudi Arabia, for example, sliced almost a fifth off its planned 1983-84 spending. For Racal Electronics that has meant a serious shortfall in orders for tactical radios from its Opec customers and perhaps £20m less profits this year than expected.

The problem was highlighted in this week's half-time figures where Racal had to report an uncharacteristically dull performance. At the trading level profits were off by more than £1m and the slight pre-tax advance of 2.5 per cent to £48.7m was achieved only thanks to a sharp turnround from paying interest to receiving it. Brokers who had already trimmed their earlier expectations to a full year profit of more than £130m were forced into another rethink. Racal will be lucky to make anything more than £125m this year against £114m.

If this year should be written off, Racal has not lost its old sparkle for good. The difficulties of tactical radio sales have been offset by a recovery at Racal-Milgo in the U.S. where new management has revived the data communications business. Telecommunications has progressed, Decca's defence radar is pushing forward, marine radar's losses have been cut and strategic radio is coming right promising margins of 15 per cent next year.

Losses on cellular radio will build up to a peak of £12m next year after £3m this time but by 1986-87 cellular radio will be in the black and the company is forecasting a £37m profit from that development by 1988-89 just for the UK. The action may be slow this year but the following 12 months could see profits glide past £150m.

Retail trends

It seems perverse indeed that a week which has seen a constant stream of good news from the retail sector should also see prices weaken against the market.

There was an extremely positive statement from Burton at the annual meeting, some very good profit figures from MFI and Dixons and the December retail figures showed a 2 per cent volume gain for a full year advance of 5½ per cent. Yet investors appeared to be nervous.

The stores sector as a whole is not a high growth industry and the best of the upsurge in consumer demand is over. During 1984 consumer volume could rise by 2 or 3 per cent, which by historical standards is fair going, and that would leave the rise over a three year period at 10 to 12 per cent. Judging by the last couple of retail cycles that is about as much growth as one could hope for. Add in a lower inflation rate to the profits cocktail and stores as a whole might be back down to 15 per cent increases over 1984-85 fiscal years against 25 per cent or so for the 12 months closing around March time.

Now there is nothing particularly new in the scenario, the coming slowdown has been preached from some pulpits for a year or more. So why some price weakness now? Possibly the answer lies in investor disappointment that the sector did not show its usual Christmas euphoria in the stock market.

More than one investor would have been looking to that traditional fillip in prices to take some profits. Seeing that it just didn't happen there is not much to look forward to and the sector is now coasting along in neutral. That is not to say there are not some aggressively managed companies that could provide plenty of growth. The likes of Dixons, MFI and Harris Queensway are unlikely to disappoint.

MARKET HIGHLIGHTS OF THE WEEK

	y'day Price	on week Change	High 1983/4	Low 1983/4	
F.T. Ind. Ord. Index	826.9	+18.8	826.9	598.4	Upsurge continues in busy trade
Adam Leisure	60	−32	103	60	Chairman's profits warning
Atlantic Resources	635	−65	795	35	Irish dry well rumours
Bowater	294	+34	309	153	Revived U.S. buying
BP	425	+30	452	296	U.S. buying
Carless Capel	215	+18	242	100	Wytch Farm purchase terms
Downs Surgical	40	+15½	40	23	Bid discussions
Fleet Hldgs	176	+34	180	23	Proposed Reuters flotation
Guinness (Arthur)	141	+15	143	101	Annual results/ bear squeeze
Harvey & Thompson	104	+21	110	39	Press comment
London & Liverpool Trust	18	+7	350	8	Rally after Telejector problems
LASMO	322	+45	397	223	Tiffany appraisal well hopes
London Brick	157	+19	159	62	Hanson Trust bid clearance
Low & Bonar	186	+38	186	70	Bonar Inc. flotation
Milford Docks	55	+11	72	37½	Rumours of Irish Sea oil interests
Restmor	170	+20	170	102	Good interim results
Rowton Hotels	218	+45	220	145	Bid speculation
SGB	136	−11	250	110	Lower annual profits
TI	198	+30	200	130	Institutional demand
Walker (James) N/V	82	+18	86	32	Talk of 5% stake changing hands

Good for Guinness

Guinness can be good for Arthur Guinness as well as the Guinnless to judge by the full year profits the brewer poured out this week. At the pre-tax level profits are up from £47.3m to a record £58.8m and at the attributable level the latest advance has almost countered the previous 12 months' £26m loss. That dramatic slide into the red was the result of new chief executive, Ernest Saunders, sweeping clean with a £48.7m below the line write-off.

The restructuring of Guinness is virtually complete. Gone are some of the odd bedfellows the brewer tagged on in earlier years and it is back to basics. In the last couple of years 150 companies have been either sold or closed netting the group £40m in proceeds, dropping group borrowings from £81m to £48m and reducing the interest charge by £5.1m.

Of course not all the peripheral companies that disappeared off the corporate roll were loss makers. So the new management will have to plug a small hole there. Though possibly more pressing is how to top up its profits from mainstream brewing. Last year that division provided profits growth of only 4 per cent to £60.9m.

The task is not too daunting. Guinness has invested over £23m over the last couple of years to improve its brewing returns and the decline in the group's UK draught sales has evidently been arrested.

Guinness has emerged the other side of its two years of hectic corporate activity with a revival in its fan club. Far from being the "one beer product tied into an ever declining market" which was the image at the beginning of the decade, Guinness is now seen to be firmly on the upward track.

Tate & Lyle

Tate and Lyle is another elder member of the corporate tribe to have regained favour in the City. Full year profits are up by £17.2m to £57.3m, clearing last September's profits forecast of £55m and the directors have bumped up the dividend too.

Like Guinness, T & L has been busy cutting out peripheral businesses and boosting returna from mainstream activities. Cane sugar production and refining produced profits 60 per cent higher at £44.4m. Having accomplished that the next inevitable question is what T & L does to keep up the momentum.

The trading front promises little excitement. Rights issue proceeds will turnround the interest payments and Zymaize losses will be eliminated, letting the profits line run up over £70m assuming that anticipated improvement in the UK can offset any weakness in North America.

The group is yet to establish a major new growth area and while it has a stated intention to set out on the acquisition trail the management is in no hurry to get going. Unlike Guinness T & L's shares could be vulnerable to some profit taking.

Terry Garrett

Confusion reigns

FEW situation comedies showing on Broadway at present can be throwing up quite aa much confusion as the one being produced downtown at No 11 Wall Street, the home of the New York Stock Exchange. The market in its present mood has left its principal actors with an even more tortured interpretative role than usual. The script is making some of them look decidedly silly.

For months, for example, we have been told that shares were only waiting for a sign that the economy was slowing to a more sustainable long term pace before the market would head off on a further growth phase. The signals of such a slowdown came as loud and as clear as could be expected at the end of last week with soft retail and industrial production figures. But instead of responding positively, the Dow Jones Industrial Average promptly upset all the prognostications as it fell by more than nine points.

The post facto justification for this unexpected change of direction was equally bizarre. Whereas for months the scriptwriters had been demanding a steady-as-she-goes monetary policy to prevent overheating in the economy, they are now suddenly worrying that the brakes have been applied too hard. One or two alarmists have even been talking about the next recession, brought on by a far too Puritan monetary approach at the Federal Reserve Board over the past four months.

The main source of bewilderment is that the financial markets are now faced with an economy which, for the U.S. at least, is running through uncharted territory—a situation combining strong industrial recovery with very high real interest rates and an enormous budget deficit. The potential for economy to slip a rail somewhere is enormous, particularly in an election year, and nowhere is this more evident than in interest rates, as the conflicts in the President's own camp make clear.

Industry—and the equity market—has learned to live with high rates in a way that has surprised virtually everyone over the past year, but can it continue into the next (investment) phase of the recovery cycle with similar ease? And if rates are forced to tick up to accommodate renewed capital expenditure, as Dr Henry Kaufman, for one, thinks they will, can profits be sustained enough to support the equity market?

NEW YORK

TERRY DODSWORTH

The doubts on this score were evident this week when IBM, the most influential single equity stock on the New York Stock Exchange, duly came in with fourth quarter figures as impeccably on target as any of its new products. If anything, the results were on the high side of Wall Street expectations —24 per cent up in the quarter, and 24 per cent up on the year, with a considerable strengthening of margins. But the market seemed to have discounted all of that. In heavy trading of around 2m shares, IBM fell about $½ down on the day, leaving the Dow Jones Industrial Average in the no-man's land where it has been all week: indeed, when IBM reported on Wednesday, the index slipped 2.09 points down to 1269.37.

Just as at IBM, most final quarter figures from industry show the recovery continuing. Only one steel company, Republic, has reported so far, and while its losses ($211m net) underline that this is one of the sickest industries in the U.S., the results also indicate a broadening of demand towards the capital goods sector. This trend was equally evident at General Electric, although the 11 per cent upswing in GE's net earnings owed far more to the boom in consumer durables.

The quarterly results also confirm that the re-equipment of U.S. manufacturing that has resulted from the recession has been heavily biased towards automation wherever possible, with a consequent spin-off for the high-tech companies. Despite the dire warnings that the revitalised IBM would make it impossible for competitors to earn a living, both NCR and Honeywell have come in with much improved annual earnings—up 23 per cent at the former, and 11 per cent at the latter.

Against this buoyant picture from industry, the market has had to absorb yet more upsetting results from the big banks. With virtually all the big names reporting by the end of this week, bank earnings were up overall. But the market has not been in the least impressed by some of the window dressing on display—there was a big dollop of security gains contributing to the bottom line —and there was one unpleasant shock from Interfirst Bank of Dallas, which added another $54m to its already record $194m third quarter loss after being rapped on the knuckles for its accounting treatment by the Securities and Exchange Commission. Needless to say, the bank sector is still trading at well below asset value—but with all those non-performing loans, who knows what net value is anymore?

MONDAY	1,267.59	−2.51
TUESDAY	1,271.46	+3.87
WEDNESDAY	1,269.37	−2.09
THURSDAY	1,266.02	−3.35

The gulf grows wider

BY GEORGE MILLING-STANLEY

THE TRUTH of the old song about the rich getting all the pleasure while the poor take the blame was borne out once again by the latest quarterly reports from South Africa's gold mines. The higher-grade, low-cost mines generally did much better in the final three months of last year than their lower-grade, high-cost brethren.

If anything, the gulf between these two broad classifications has grown even wider in recent months as the gold price has continued to edge downwards.

Times will change, and of course the more marginal mines will derive the usual benefit of their high gearing to a rising gold price once that happens.

For the present, however, even the more bullish analysts are tending to restrict their purchase recommendations to the richer mines such as Driefontein Consolidated, Vaal Reefs and Kloof, with hardly a soul venturing to raise his voice in support of the likes of Grootvlei and Venterspost.

All this happens with good reason. At times of weak gold prices, the richer mines generally have the flexibility to switch to blocks of higher-grade ore in order to smooth out the fluctuations in profits.

In fact, they are required to do this by South African mining regulations, which insist that the mines must operate to their average pay-limit. This changes in line with movements in the world price of gold.

This factor was most evident in the reports from the mines in the Consolidated Gold Fields group, where the rich Driefontein and Kloof mines allowed their recovery grades to edge upwards in order to compensate for the lower price received, and were thus able to improve or at least maintain their quarterly profits.

As before, the mines were not exposed to the full effects of the fall in the gold price in U.S. dollar terms, as they received some measure of protection through the relative decline of the South African rand against the U.S. currency. Their average receipts in terms of the all-important local currency were thus not greatly changed.

In addition, several of the mines made good use of the permission granted some time ago by the South African authorities to protect themselves against falling gold prices by hedging their output on the futures markets. This helped such marginal operations as West Rand Consolidated and Western Areas.

The latter, along with its stable-mate in the Johannesburg Consolidated Investment ("Johnnies") group, Randfontein Estates, also took advantage of the more recent concession allowing the mines to take payment for their gold in dollars, which do not have to be repatriated for a maximum of seven days.

As a result, two operations in the Johnnies camp were both able to report doubled profits for the December quarter, helped additionally by another factor common to most of the mines which succeeded in increasing their profits.

This is the trade-off between taxation and capital expenditure, where spending which is deemed to be allowable may be offset against the charge for taxation and state's share of profits under South Africa's helpful mining regulations.

The other mines to take notable advantage of this provision included Vaal Reefs, Western Deep Levels, Driefontein, Doornfontein and Buffelsfontein.

Of course, this phenomenon can work in reverse, boosting the tax charge sharply in periods where, for one reason or another, allowable capital spending is lower. Western Holdings suffered most from this, with a tax charge of R17.34m (£9.8) in the latest period compared with a credit of R8.78m in the September quarter.

Much of this credit arose from the mine's spending on the new Erfdeel - Dankbaarheid area, and capital expenditure fell away sharply in the December quarter to a total of only R13.77m against R57.55m previously. The Erfdeel section accounted for R10.31m of the latest total, down from R40.56m last time.

GOLD MINE NET PROFITS

	December quarter R000s	September quarter R000s	June quarter R000s	March quarter R000s
Blyvooruitzicht	16,036	15,837	20,269	23,001
Bracken	1,587	2,438	3,105	2,758
Buffelsfontein	43,057	‡45,085	24,408	28,515
Deelkraal	3,823	4,572	5,827	8,883
Doornfontein	13,114	11,142	14,346	13,338
Driefontein	90,865	84,705	106,577	107,037
Durban Deep	†3,881	†4,049	†3,165	5,649
Ergo	15,483	16,226	14,024	17,019
East Rand Pty	†4,995	†4,624	†5,865	3,741
East Transvaal	4,856	5,069	5,877	5,550
Elandsrand	16,369	18,557	22,034	23,064
FS Geduld	21,610	32,743	27,419	32,281
Grootvlei	5,258	3,898	6,524	6,268
Harmony	25,732	26,445	40,702	31,990
Harteheest	29,063	35,461	37,859	38,296
Kinross	10,825	12,073	12,728	13,576
Kloof	40,526	40,842	39,783	41,498
Leslie	1,774	2,724	2,912	2,968
Libanon	12,648	11,391	13,779	15,449
Loraine	†1,773	‡3,665	3,467	†3,134
Marievale	900	577	356	733
President Brand	29,368	43,809	29,872	42,419
President Steyn	24,481	30,262	26,256	30,387
Randfontein	86,280	41,413	50,197	45,331
St Helena	12,455	16,383	13,262	21,531
South African Land	1,135	1,047	1,136	1,585
Stilfontein	11,052	7,771	13,822	8,175
Unisel	7,898	9,614	7,774	9,498
Vaal Reefs	125,179	82,366	107,437	68,125
Venterspost	†1,716	2,588	3,142	4,924
Village Main	191	187	299	176
Vlakfontein	571	536	620	654
West Rand Consolidated	*375	*827	2,084	3,355
Western Areas	25,390	12,903	10,408	12,382
Western Deep	74,356	64,207	57,425	47,382
Western Holdings	29,775	63,016	34,942	39,831
Winkelhaak	11,838	15,559	13,875	13,494

* Loss. † After receipt of State aid. ‡ Restated.

New floors and windows not allowed

FINANCE AND THE FAMILY

BY OUR LEGAL STAFF

I hope you will be able to help me with two income tax queries.

1—For 20 years my only income has been from a few furnished terraced houses which I bought and modernised myself with the help of my wife and the Inland Revenue allowed me to have my personal tax allowance set against the proceeds. I let them mostly to families at a low rent so I never made a lot. As they got too much for me to do I have been selling them off and getting £4,000 to £4,500 for them as they needed money spending on them. I paid about £1,000 Capital Gain on each one. During the year 1982-83 I sold one for £10,000 as I did everything that needed to be done, viz. new roof, damp-proofing, new floors and windows, etc., hence the better price I received. However, when I sent in my tax return for Capital Gain I was told that as I had only "repaired" the house I was not allowed to put these expenses down against Capital Gain. I was under the impression that everything that was spent on an asset was allowed as I had enhanced the value of the asset. My wife decorated the house right through and I decorated outside and had a Tyrolean finish ... applied but this also was disallowed.

2—I thought, as I was disposing of my business and as I was over 60 years of age I would be eligible for £10,000 Capital Gain allowance but the Inland Revenue refused to allow this. Under these circumstances do you think I should be allowed to charge this expense against Capital Gain and do you think I have any chance of being eligible for Capital Gain allowance of £10,000 for 1982-83 and 1983-84. As I have no other income except interest from the money I have saved from selling the houses this extra gain allowance would make a lot of difference to me. Being self-employed I cannot draw any state benefit until I am 65 years of age.

1—The inspector is right in principle: the rules of capital gains tax are complicated and quite arbitrary, unfortunately. However, the Tyrolean finish and damp proofing may be deductible for CGT purposes—depending upon the precise facts—but that might actually increase the prospective CGT bill, if the house was bought before April 6 1965, because the rules are so topsyturvy.

2—Here again, the inspector is right. The letting of furnished property is not "a trade, profession, vocation, office or employment," no matter how much work you and your wife have done personally. The Chancellor has promised to change the rules (retrospectively) in the Finance (No. 2) Bill, in respect of holiday lettings, but that will not help you, regrettably.

We suggest that you write to your MP, asking whether the Chancellor's proposals can be extended to people like you.

Colours in a conveyance

On the map drawn on a conveyance my house is painted solid in red ink and the garden has diagonal red lines on it in red ink.

The words in the conveyance refer to land "coloured" red. To which bit on the land does this refer?

Is there any difference between "coloured red" and tinted red?

Furthermore, can you please refer me to any books which give bearing on this problem? There is no practical difference between "coloured red" and "tinted red." The diagonal lines are referred to as hatching. Thus the whole area, including the hatched area, will be included in the land coloured red if the hatching is on a background which is coloured (or tinted) red, but not if it is on an uncoloured background. Usually hatching is used to distinguish a part of a larger area (which may all be coloured in one colour) so that, eg, covenants may refer to part only of the whole land conveyed. A standard book on title or conveyancing, such as Williams on Title may assist you.

Joint ownership of a house

I should be most grateful for advice on the following:

If two people own a house jointly, one of them living in the house and the other living in another house which he owns, can the one living in the jointly-owned house force a sale of the house if he wishes and does the answer depend on whether the shares are equal or whether the one living in the jointly-owned house has the bigger share? In other words, can the house never be sold unless both agree to sell?

Either of the two joint owners can insist on a sale unless it can be shown that there was some tacit arrangement from the outset that there should be no sale so long as either of the owners wants to reside there. This does not depend on the extent of the respective shares in equity; but an unequal division of such shares would suggest that there was no such tacit agreement.

Hitting the limit

I am very near to the limit (£300) on my Capital Gains Allowance to the year to April 1984.

I wish to make over to my son 2,000 shares in W. H. Smith Holdings. These cost me, some years ago, no more than £300; there would thus be a substantial gain which would carry a tax (by virtue that I am now up tight on the allowance).

What is the routine to make these over to my son?

Is there any ad valorem tax payable (by me or him)?

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Assuming that this holding is made over, can my son dispose of them within his notional allowance of £5,300 and thus avoid tax?

Does this proposal make sense?

1—A transfer document (and a joint election under section 79 of the Finance Act 1980).

2—Yes, 2 per cent of market value.

3—Yes in principle, but there is a risk of attack on Ramsay principles (especially if your son is under 18) if the sale follows fairly soon.

4—Yes in principle: but tax avoidance can be a risky game for those who do not wish (or cannot afford) to pay for professional guidance through the tax maze and minefield.

Joint account returns

I hold two separate building society joint accounts, one with my 70 year old mother, the other with my 20 year old daughter. Mother's income is taxed with father's unearned income at above standard rates. I pay standard rate income tax on earnings as a single person. My daughter, or students, pay no income tax.

Who should show interest on their joint accounts on their tax returns? Would the interest on Mother's joint account affect father's liability for Income Tax payments?

The answer depends, in each case, on whose money has been paid into the account, and whether the reason for having a joint account is anything more than the convenience of enabling withdrawals to be made by the other party or, alternatively, the prevention of unilateral withdrawals by the beneficial owner.

In readiness for the death of your mother, yourself or your daughter, it would be as well to make a signed record of the circumstances in which each of the joint accounts was established, including a declaration by each party as to the extent to which it is intended that beneficial ownership of funds deposited should thereby vest in the other.

هكذا صدر الأصل

Anatomy of the Gower Report

RICHARD LAMBERT lists five points investors need to know about the proposed shift in investor protection.

PROFESSOR GOWER'S 212-page Review of Investor Protection thudded off the presses this week, heralding what promises to be an important shift in the way that investment services and products are regulated in the UK. Commissioned by the Department of Trade and Industry three years ago following a number of financial scandals, the report proposes fundamental changes across the whole investment field.

At this stage, there are five main points which investors need to know about the review.

● **What is the objective?**

Professor Gower says emphatically that he is not seeking to achieve the impossible task of protecting fools from their own folly. Instead, he is trying to prevent reasonable people from being fooled.

● **Why was the review necessary?**

The present laws relating to investor protection are inadequate. They are built around the Prevention of Fraud (Investments) Act, which was originally drafted 45 years ago and has not been properly updated since. The investment business *has changed* out of all recognition since 1939, and as a result the law is full of anomalies. It also fails to touch important sections of the investment community.

The range of investment services on offer has grown enormously in recent years, and barriers between different professional groups are crumbling. Someone who consults a bank manager, stockbroker, insurance broker or investment adviser today could end up buying stocks and shares, options, an endowment policy, unit trusts, ground rents, commodity and financial futures, diamonds or a whole range of other financial products. Existing regulations were not designed to cope with this kind of world.

As a result, the chances of an investor being hurt by fraud or incompetence have been increasing. Professor Gower fears that serious financial scandals are inevitable unless his proposals are implemented.

● **What are these proposals?**

There are 92 in all, and the overall effect would be to bring sweeping changes to the *investment industry*. The idea is that existing legislation should be replaced by a new Investor Protection Act which — with few exceptions — would make it a criminal offence to carry on any type of investment *activity without* being registered either with an approved self-regulatory agency, or directly with a government department.

A self-regulatory agency would not be recognised unless it met certain stringent conditions, and the Government would oversee the rules of conduct which would be binding on all its members.

The regulations would cover a wide range of investments, including commodity and financial futures, options and life insurance contracts.

● **What is the likely response in the City and Whitehall?**

Although they will argue about some of the details, there is a general recognition among the City institutions that the investor protection laws need updating. Professor Gower has listened carefully to what people have been telling him during the past two years, and has modified some of his original proposals accordingly.

Government ministers also believe that there is a need to *strengthen the framework* of investor protection, and within the Department of Trade there is a feeling that major new securities legislation should be introduced as soon as possible. However, the pressures on the *parliamentary* timetable are such that any action seems unlikely before 1985-86.

The early betting is that legislation will not go as far as Gower would like. This Government would not contemplate the introduction of an independent Securities Commission on the lines of America's dreaded SEC: any extra supervisory work will have to be taken on by the Department of Trade.

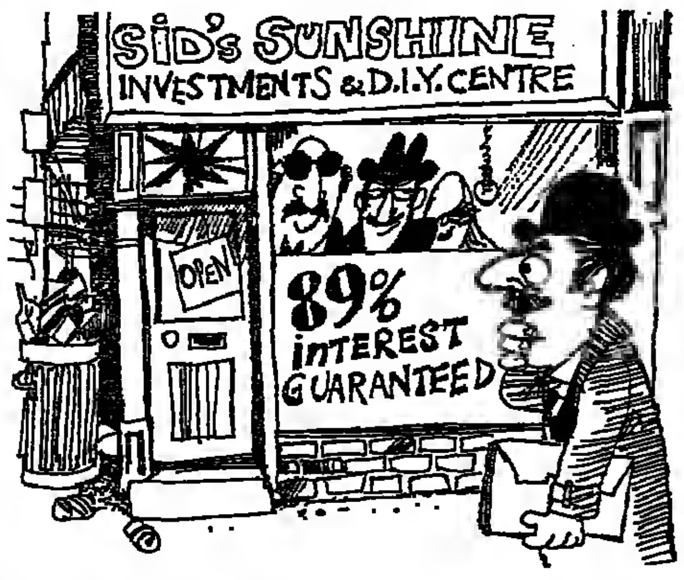
Ministers will be unhappy about the idea of taking direct responsibility for supervising investment firms which are not members of a self-regulatory agency. The role of government, they believe, should be limited as far as possible to ensuring that proper self-regulatory arrangements are established and enforced.

● **What should investors do to protect themselves pending legislation?**

It would be wrong to exaggerate the problem. Although the Fraud Squad is putting in for overtime, the dangers lie mainly at the fringe of the investment community. The great bulk of the industry is prudently managed, respectably supervised, and well capitalised, and the Square Mile is not about to disappear down a hole.

Yet too many fingers have been burnt recently to allow for complacency. So investors need to ask themselves the familiar questions. Is a particular investment company a member of a respectable trade association? What protection is available in the event of some catastrophe? How much does it disclose about the cost of its services and the way it handles its clients' money?

Above all, investors need to remember the old rule: *anyone who promises to produce an above average return on an investment is going to have to take on above average risk.*



Eric Short surveys a self-regulatory system for life commissions

Registry for higher payments

OVER THE NEXT few weeks, life companies operating in the UK will have to decide whether or not they are going to implement a self-regulatory system for controlling commission payments made to independent intermediaries.

A letter has been sent to chief executives of all life companies setting out details of the final form of the proposed Registry of Life Assurance Commission, known as ROLAC. The companies are being invited to join ROLAC unconditionally and the offer remains open for 30 days.

The companies will be holding a meeting in London on February 28, to decide whether there is sufficient support to make ROLAC a viable proposition. Much will depend on which life companies have decided to join. A company may be reluctant to join if many of its immediate business rivals have opted to stay. Generally, it will need the vast majority of companies to join for ROLAC to be feasible.

In this respect, the welcome given by Professor Jim Gower to the ROLAC initiative is timely in helping chief executives make up their minds. In particular, they should heed his warning that if the efforts at self-regulation should prove unworkable he could see no alternative to Government intervention.

ROLAC envisages setting out maximum commission scales for various types of life and pension contracts. These would be regarded as the basic scales.

Intermediaries would be classified into three categories as shown in the table. The intermediaries in the lowest category C would be entitled to only basic initial commission, with no entitlement to renewal commission. The other categories would be entitled to a higher differential payment as set out in the table.

Life companies on the register would agree to abide by the commission scales, while intermediaries who accept higher commission rates from non-ROLAC life companies would be entitled to only the basic scale from ROLAC companies.

The system will be operated by a registrar, who will be be appointed as soon as ROLAC is established. The registrar will be independent of individual life companies and will be responsible not only for maintaining the register of life companies, but also a register of independent intermediaries who place business with any ROLAC company.

Brian Wright, Chairman of Rolac's steering committee

Above all, the registrar will be responsible for the classification of intermediaries.

Intermediaries are not debarred by ROLAC from doing business with non-ROLAC companies. Indeed, the prime responsibility of an intermediary is to his client and this at times may result in placing business with a non-ROLAC company. But the intermediary must not accept more than the ROLAC scale commission.

The agreement specifically excludes payment of extra commission for large volumes of business, known as over-ride and prize schemes based on volume of business. There is a list of acceptable indirect payments, such as promotional gifts up to a value of £25. But payment by the life company of the intermediaries postage or telephone bills is disallowed.

The objective of the Registry is simply to protect the consumer buying life assurance or pensions through an intermediary. The theory is that, all life companies pay the same rates of commission, with no extra for volume business, then the intermediary in recommending a life company will not be influenced by commission considerations.

The Registry introduced the principle of differential commissions for the first time based on the experience of the intermediary and the service provided. It makes commercial sense that someone who merely introduces a client to the life company, leaving the life company inspector to do the work, should get paid less than one who does much of the administration work.

The position of tied agents has caused some problems. These are intermediaries who are tied to one particular life company for much of their business, but who do place business with other companies. Often they represent themselves to the client as being independent.

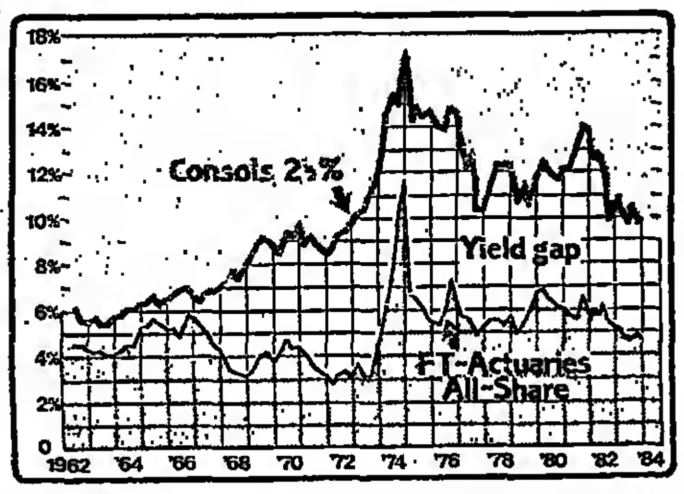
A widely representative working party has been considering the position of tied agents and how their activities can be controlled. The tied company will have to disclose the relationship between it and the tied agent to the client at the acceptance letter stage, which is prior to the completion stage. Thus clients can void the business if necessary.

ROLAC CLASSIFICATIONS

Category	Initial Commission % of basic	Renewal Commission
A (i) Registered insurance brokers specialist in life and pensions	152.25	Higher rate
A (ii) Other specialist intermediaries	145	Higher rate
B Non-specialist brokers or other intermediaries	130	Lower rate
C Tied agents, introducers of business and non-ROLAC intermediaries	basic	Nil

Importance of the yield gap

The gilt markets can affect the performance of equities. TONY JACKSON explains.



THIS MONTH'S remarkable turn of speed by the UK equity market has once more focused attention on that old investment yardstick, the yield gap. While equities have sprinted, gilts have, if anything, gone backwards; so that while the yield on the *FT-Actuaries All Share* index has dropped below 4½ per cent, the average yield on gilts is still over the 10 per cent mark.

Some private investors may not feel that an abstract concept like the yield gap is of much use to them. An individual share, after all, is bought on its own merits, and it is not immediately apparent how the behaviour of the gilt market can affect its performance. But, in the long run, it does: and the reason lies, as much as anywhere else, in the dominance of both the gilt and equity markets by the financial institutions.

At a senior management level, the institutions take a strategic view on the relative attraction of gilts, equities, property and the rest. Were they to decide that gilts now look undervalued in relation to equities as a class, there would be a switch in the direction of institutional cash flow. Were the switch to be a severe one, the equity market would be undercut, and prices in general would fall.

So how wide is the yield gap now? To an extent, it depends on whose word you take, since every investment adviser has his own pet way of calculating the sum. But according to stockbrokers Wood, Mackenzie the discrepancy between the two markets is now more marked than at any time in the past decade.

It does not necessarily follow that equities are overvalued. Gilt yields are stable at present, with the 10 per cent being roughly made up of an expected inflation rate of 6 per cent plus a required real return of 3 per cent (the norm for index-linked gilts), with an extra 1 per cent on top as insurance in these difficult times.

The low level of equity yields, by contrast, is not primarily a function of inflation. Normally, equities are regarded as an inflation hedge—the assumption being that dividends will remain constant in real terms. But the market has now decided that, in the short term, dividends are due to rise by maybe 10 per cent—well ahead of inflation—in a recovery from previously depressed levels. A wide yield gap is therefore justified. That said, most market experts agree that the present position is extreme; and that for equities to move up from their present level the precondition is a revival of interest in the gilt market. With luck, that could just happen.

PERSONAL PENSIONS DEBATE. Eric Short reviews both sides . . .

Freedom versus paternalism

THE GOVERNMENT'S current inquiry into portable pensions could well strike at the very core of company pension provision in the UK. The issue is whether the present system of employees being forced to join their employer's pension scheme as a condition of employment should be ended—and whether employees should have the right to opt out and make their own pension arrangements.

The inquiry is not only considering a question of employee freedoms. It is also investigating whether the present pension framework with its inter-action between state and company pension scheme fulfils the pension needs and aspirations of the present and future workforce.

The question is whether in conditions of high employee mobility and demands for greater personal freedom, the company pension scheme does provide adequate pensions for all employees. Should there be modifications or radical changes to the present system—which evolved under very different conditions in the middle of the 1970s?

The demand for change has crystallised over the early leaver problem—the loss of pension rights when an employee changes job. This highlights a serious defect in the present company pension structure, and triggered the challenge to the present system.

The Government has taken the demands for change very seriously by establishing this enquiry and is urgently seeking the views of all concerned, including the public—making it the first time that the man in the street has had a chance to express his views on the subject directly.

The enquiry has not set out any draft proposals, or even defined portable pensions. It is seeking views on general principles, but also about how portable pensions would operate in practice, given that any new system would have to convert from the existing framework.

The enquiry sought early evidence from three organisations—the Centre for Policy Studies (CPS), the Save and Prosper Group and the National Association of Pension Funds (NAPF)—and this has now been received. All other submissions have to be made by the end of the month.

The CPS and Save and Prosper have both put forward very similar ideas on how portable pensions would work in practice. Their proposals are summarised so that one can form their own judgment whether they will work in practice, or if they go far enough.

Portable pensions

FOR THE individual employee, the twin concepts central to the CPS and Save and Prosper schemes are freedom, and personal involvment. To achieve these ends, both have reverted back to the money purchase concept for the individual pension vehicle.

Under the money purchase concept, the pension contributions are invested and the cash sum thereby accumulated is used at retirement to buy a pension. The amount of pension depends on the levels of contribution, the investment performance of the assets and the level of annuity rates at the time of retirement.

All individual pension contracts within the present system—self-employed, executive and AVCs — operate on the money purchase principle.

The main features of the scheme are:

- All employees, including those in the public sector, would have the right not to join their employer's scheme and the right to leave their existing scheme and set up their own portable pension.
- Employees making their own pension arrangements would have the further right to contract-out of the earnings-related state scheme on an individual basis, subject to paying a minimum annual contribution rate to their portable pension. Details on this point are not entirely clear.
- The concept of freedom is carried into the investment areas. The individual would be be able to invest in a very wide range of investments, including venture capital and start-up situations.
- The individual would be able to choose his own investment manager. The range of institutions able to offer pension contracts would be extended beyond life companies to banks, building societies, unit truts. However the proposals go even further, in that employers could offer portable pensions to their employees, or employees could manage their own portfolios under certain conditions.
- The schemes acknowledge the importance of portable pensions in an individual's savings. So they would only allow investment management to be undertaken by an approved person or organisation. Individuals wanting to manage their own portfolio would have to do so under the supervision of an approved person — such as a stockbroker or a merchant bank.

Individuals would be free to switch investments and investment managers with little or no financial penalty.

- The scheme would enable the individual to borrow up to one-quarter of the value of the accumulated pension for business purposes or for certain private purposes such as buying a house. Again details are a little vague on this point.
- At retirement, the individual would be able to keep part of the cash sum, and the rest would be used to buy a pension from a life company. The scheme envisages the individual being able to keep far more in cash than is allowed under the present rules.

Suggestions now being mooted that individuals should be able to keep all their investment as cash should be treated warily. This is because pensions are subject to a 100 per cent inheritance tax, in that they cannot be passed on to children. Such proposals would lead to the revenue changing the present tax system for pensions—and the proponents of portable pensions taken for granted that the present tax system will apply.

The advantages claimed for this type of portable pension scheme are:

- Complete freedom of choice between company scheme and portable pension. The CPS emphasises that it is not recommending the ending of company schemes—but this could result if enough employees opt out.
- A sense of involvement to the pension assets. The individual would know the current worth of his assets. Thus the CPS consider that investment in unit trusts conveys a sense of involvement, while being a member of a company scheme does not.
- Flexibility of investment policy.
- Improved job mobility and a better balance between employees who stay with an employer and those who leave. There is no loss of pension rights on change of job with a portable pension because employees take their own portable pension with them.

The supporters of the scheme claim that the proposals will be cost-neutral for employers and the Revenue—though their submission does not demonstrate this with figures.

The submissions do not point out the drawbacks of such a portable pension scheme. And the NAPF evidence is somewhat reticent on this subject too. But there are drawbacks to be borne in mind.

- The main one is that pensions are *not* guaranteed in terms of final salary. The supporters accept this, but point out that with a portable pension the opportunity is available for the individual to far exceed the present two thirds final salary maximum. They tend to paint a very glowing picture of investment opportunities and gloss over the fact that freedom can bring failure as well as success.
- Employees with the same salary pattern will have widely differing pensions depending on what they contribute, and how well they invest the contribution. The CPS says that these employees will already live in different houses and own different cars—so there is nothing wrong with having different pensions.
- Portable pensions will open the market to all types of investment salesmen peddling the products of this or that financial institution. It opens a whole new field for investor protection.
- Finally, what contribution does the individual make and what contribution does his employer make to the portable pension? The individual may have to bargain each year for a contribution. This could be a problem in normal times. But if the portable pension starts to look inadequate, perhaps because of poor investment, the employee might have to bargain for higher contributions.

هكذا صدر الأصل

... PORTABLE PENSIONS DEBATE

Final salary schemes

THE DEFENCE by the National Association of Pension Funds of the present company pensions system is handicapped by the fact that it is very difficult to oppose the principle of freedom — especially as the association is fighting off proposals to restrict its members' freedom of operation and make them more accountable.

NAP's main goal is to stop employees making fools of themselves over portable pensions. The advantages of final salary schemes are:

● The benefits are personal, being based on the individual's service and salary. The pension is guaranteed in terms of that service and salary, irrespective of investment conditions. The employer carries the risk.

● The contributions made by the employee and the employer are determined by the benefit structure of the scheme. Employees and their representatives can bargain for better benefits. Any shortfall can be made up by the employer.

● The employee does not have to weigh up the merits of this or that type of portable pension arrangement, nor is he subject to the mercies of the investment salesman. The NAPF claims that most people are still reluctant to get personally involved in managing their investments. And it suggests that under a portable pension arrangement they will put a premium on secure investments, such as building societies. This is the experience in the U.S. with Individual Retirement Annuities.

● The proposed solution to the early leaver problem will, in the NAPF's opinion, go a long way to solving the portability question.

● The NAPF considers that the members of a pension scheme can become closely involved with the affairs of the company scheme through member trustees.

● The NAPF also questions whether pension rights hinder job mobility. It claims there is little published evidence to support this contention. What evidence there is, it says, shows that employees do not take pension rights into account when changing jobs.

However, this inquiry is forcing the pensions establishment to look at the existing set-up, to accept that there are gaps and to do something about remedying the deficiencies.

Already it is quietly admitting that the insistence on compulsory membership could be loosened slightly for the high flier mobile executive, whose work pattern is one of constantly shifting jobs. But the NAPF wants the changes to be made within the existing framework.

A touch of Eastern promise

INVESTORS wishing to add a touch of Eastern promise to their unit trust portfolios can be forgiven for feeling a little spoiled for choice

Framlington becomes the latest unit trust management group to offer a slice of the action in the growing economies of the Far East with the launch today of its Japan and General Fund. This brings the number of unit trusts invested in the region to more than 50.

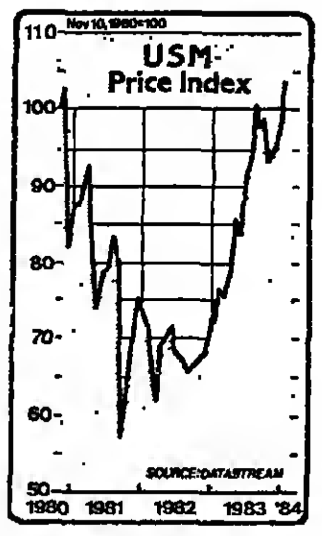
The group has £187.9m under management and aims to attract around £10m for the new fund, which is geared to capital growth. It will yield ½ per cent or less, thus making it chiefly of interest to higher rate taxpayers.

The minimum investment will be £500, and there is an initial charge of 5 per cent of asset value, with an annual management fee of ¾ per cent, which compares with a range of between ¾ per cent and 1½ per cent on similar Japanese trusts.

While cheapness is a major selling point to consider, it is not nearly as important as the quality of the management you are entrusting your money to. In this respect, Framlington—which is the only unit trust management group to be quoted on the Unlisted Securities Market—holds a string of performance awards, including BBC Money Box Unit Trust Managers of the year in 1979, 1981 and 1983.

Units in the fund will be available at 50p each until Friday February 10.

William Dawkins



Annuity rates remain steady

THE ANNUITY rate market has been very quiet since before Christmas, simply because interest rate levels have been static over that period. Such a quiet market enables investors to take their time in making up their mind whether or not to buy. Delay is in the investor's favour, since annuity rates increase with age — usually in quarter year jumps — the older you get.

The quiet market also means that the self-employed, deciding on when to start drawing their pension, can defer the decision if this is possible. Not only does the annuity rate rise over the period, but so does the cash value of their policy.

The risk in delay is that interest rates will fall, resulting in a drop in annuity rates. Life company actuaries now react much more quickly to interest rate changes.

However stockbrokers Phillips and Drew are expecting seven-year bond rates to edge up slightly over the next six months from the present level of 10¾ per cent. But any rise is not expected to exceed half a point. So annuity rates are not likely to show much change from their present levels. At most they could perhaps rise a few pounds.

Investors interested in buying an annuity should shop around. The tables shows current best buys. And a life company will hold a quotation for at least a week, so you should obtain a quotation before making up your mind.

E.S.

ANNUITY SECURED BY AN INVESTMENT OF £10,000

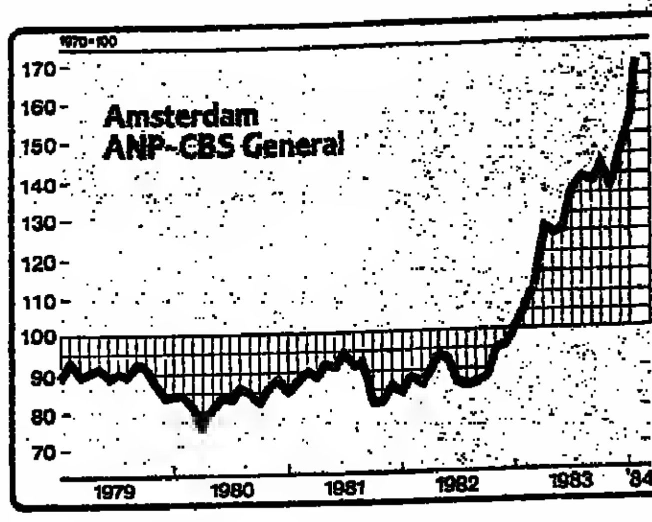
Man aged 65 Company	Rate £	Woman aged 65 Company	Rate £
RNPFN*	1,572	Generali	1,324
Generali	1,564	Standard Life	1,324
Abbey Life	1,563	Prov. Cap	1,313
Avon	1,540	Equitable	1,307
Equitable	1,537	Avon	1,307
NEL	1,537	Abbey Life	1,306
Standard Life	1,536	RNPFN*	1,306

* Available to medical profession only.

Source: Money Management Update

WORLD STOCK MARKETS

The accessibility of Amsterdam



IF ACCESSIBILITY is the spur to action for investors interested in foreign securities, the Amsterdam Stock Exchange — oldest in the world — must be tempting.

By mid January, the ANP-CBS all shares index stood above 160, with an all-time record of 167.1 having been reached on January 5. Six months previously, it had been at 136, while at the end of 1982 it had languished, relatively speaking, at a mere 110.8. According to Mr Gerrit de Marez Oyens, secretary of the bourse, the index is set to rise again during 1984 and could close the year at over 200. A few Amsterdam brokers disagree and feel that a short-term surge could be followed by a slight easing in prices, but no one is positively "bearish" and there is a consensus of opinion that the rising trend in equities still has some distance to run.

The most sought-after shares, as ever, are those of the Dutch "internationals" — Royal Dutch, Unilever, Philips, AKZO, Hoogovens and KLM, with a total end of 1983 turnover of Fl 57bn — with Philips the current star performer. Yet the so-called "locals," the companies mainly confined to their Netherlands quotation, have also powered ahead.

Banks, insurance groups, larger companies in the advanced technology area and those engaged in energy and offshore ventures have all seen their stock appreciate markedly in the last 12 months. The end of 1983 turnover for "locals" was Fl 29bn. The main institutional investors are the insurance companies, investment trusts, pension funds and banks.

But back to shares. The table shows the percentage gain in share prices in 1983 of some of the biggest and best-known companies. Many smaller companies showed similar improvement.

Dividends are also making a comeback in the Netherlands after a lean couple of years in 1981 and 1982. Restructuring, including large-scale job shedding, has meant that a lot of boards of directors find themselves today with a larger net profit than for some time. This boost is only temporary, but the recovery has at last begun to make itself felt in the Netherlands, so that results in most sectors seem set for further improvement in 1984.

Capitalisation of the Dutch stock market at the end of 1983, including investment trusts, was Fl 103bn. Without investments funds, the total came to Fl 90bn. Internationals together accounted for Fl 57bn, and the rest (other than funds) Fl 33bn. Trade and industry contributed Fl 14bn, banks and insurance Fl 15bn.

A total of 2,053 listings were quoted on the exchange at the beginning of this year, of which bonds made up 1,345, foreign bonds 140, domestic shares 253 and foreign shares 315. Dutch shares include those traded on the two-year-old parallel market, which, as with the London Unlisted Securities Market, offers small- and medium-sized companies a chance to place part of their equity in the markets. The foreign stocks quoted include the 55 U.S. listings making up the ASAS Americans block, which offers investors the opportunity of putting money outside America into prime U.S. corporations and demand for ASAS shares was heavy throughout 1983.

As the New Year began Baron van Ittersum, chairman of the exchange, warned small investors attracted by the rising market to be careful. Too many first-timers were rushing into investments in the belief that the index would rise and rise forever. "Amateurs," he said, could get their fingers burned.

Institutional investors — principally the big Dutch insurance groups—remain the most important element in the shares equation. Pension funds are limited to investing no more than 3-5 per cent of their asset worth in equities, while banks are not allowed to hold for more than five years. Robeco, the Rotterdam based investment fund, which comprises Robeco itself, Rodamco, Rorento, and Rolinco, is the biggest fund of its kind outside the U.S., with assets at the end of 1983 worth Fl 19bn.

The weak sectors on the share market are mainly the construction companies and the retail chains, both hit by their close tie-in to the business cycle, shipping and shipbuilding. Shipping depends on the trade cycle for its success, while shipbuilding depends on shipping and on competitivenes with the Far East. According to Amrobank, the average profit growth in 1983 of all shares listed in the locals sectors was 10-15 per cent. A similar growth is forecast for this year. This figure should not be confused with my own average for the better shares, as in my table.

How to play the Dutch market? Brokerage in the Netherlands is provided by a large number of broking firms and — as in West Germany and Switzerland — by the banks. There is no equivalent of the London "jobber" offering a spread of rates. Instead, the "Hoekman" assesses supply and demand in consultation with brokers and then offers a fixed price. He is not allowed to take in private orders and bases all his prices on the market rate prevailing immediately prior to a broker's placement.

The fact that the banks act as brokers and the close relations that exist between UK and Dutch broking firms means that it is easy for a British would-be investor to break into the Dutch market.

A 25 per cent withholding tax is applicable in equity dividends paid to non-residents as well as to residents of the Netherlands, but there is no withholding tax on interest paid on bonds. The tax charged is deducted from any higher rates charged abroad in countries with which the Netherlands has a double-taxation agreement. These include the UK.

There is no capital gains tax levied on profit from equities and bonds.

Commissions charged by the 140 members of the Amsterdam exchange — banks, brokers and hoekmen — are based on minimum rates, with decreasing rates fixed by the Stock Exchange Council. In the case of small transactions (those with a value up to Fl 5000), the minimum is 1.5 per cent. An additional Fl 7.50 handling fee is charged by the Bourse, while clients all pay 1.2 per cent Stock Exchange Tax on the effective value of the transaction. For large transactions, valued at more than Fl 1m, the commission on bonds is 0.36 per cent, while in the case of shares the levy is 0.7 per cent.

Walter Ellis

PERCENTAGE GAIN IN SHARE PRICES

	Jan. 1, 1983 Fl	Dec. 31, 1983 Fl	% Gain
Akzo	35.40	99.00	180
Hoogovens	13.30	47.00	253
Royal Dutch	93.50	137.60	47
Philips	27.40	44.40	62
Unilever	191.50	252.50	32
KLM	137.50	191.00	39
Van Ommeren	18.90	29.70	57
ABN	302.00	374.00	24
Amrobank	47.70	61.20	28
Aegon	62.00	121.50	96
Elsevier-NDU	198.00	520.00	163
VNU	68.70	133.00	94
Fokker	21.20	40.10	89
OCE VD Grinten	171.00	250.00	46
Heineken	92.00	130.50	42

AVERAGE GAIN OF ABOVE: 84 PER CENT

FINANCIAL TIMES SURVEY
Saturday January 21 1984

Pensions for the Individual

Much has already been done to cater for the self-employed and executives barred from normal pension facilities. Even greater activity may be in the offing if current arguments in favour of greater liberalisation bear fruit

Radical thinking stirs fresh debate

BY ERIC SHORT

LAST APRIL three gentlemen, Nigel Vinson, Phillip Chappell and Philip Darwin, dropped a bombshell into the occupational pensions industry. In a paper prepared for the Centre for Policy Studies (CPS), they advocated that all employees should have the right to their own personal and portable pension.

The authors did not advocate the abolition of occupational pension schemes, at least not directly. They put forward the straightforward, but radical, proposal that employees should have the right not to join, or *the right to opt out of,* their employer's company pension scheme and make their own pension arrangements.

The paper appeared when the discussion on the loss of pension rights when an employee changes job—the so-called early leaver problem—was at its height. Under these proposals the early leaver problem does not arise, since the employee takes his own pension with him when he changes jobs. Thus it was thought by many that portable pensions were being put forward as a solution to the early leaver problem.

But the authors were going much deeper than simply solving the early leaver problem. They were advocating far-reaching changes in UK pension provision. They want people to have their own pension scheme so that they will be able to identify their own savings as represented by their pension benefit entitlement, to be more closely involved with those savings and to influence or even direct the investment of their savings.

These proposals were received by the *established pensions* industry with a mixture of horror and disdain. But they fit in well with *Mrs Margaret* Thatcher's ideals of liberating people as far as possible from central authority and control and allowing them to manage their own affairs.

Taken seriously

So the Government has taken the portable pension proposals very seriously and made it a priority consideration for the newly-formed Pensions Committee*. A sub-group is at this moment seeking evidence and views on portable pensions by the end of the month.

Portable pensions are not a new concept in the UK. A sizable element of the working population, namely the self-employed, have to make their own pension arrangements if they want an adequate pension in retirement. All they get within the current UK pensions framework is the basic state pension.

Indeed the CPS proposals used the present self-employed pension arrangements as the foundation for their portable pension scheme. Then they expanded the present concept in the areas of investment and contributions. So the sub-committee can gauge the strengths and weaknesses of the personalised, portable pension concept by first analysing the experience of self-employed pensions. The CPS proposals tend to ignore the weaknesses and drawbacks of the present self-employed arrangements and *concentrate only on* the advantages.

At this stage it is far from clear whether the Government intends to alter radically the current UK pensions framework or whether it merely intends to tinker with the system. There is much that the Government can do within the existing system to make portable pensions a reality and one *hopes* that the *sub-committee* will give due consideration to this feature. One can be sure that portable pensions will be one of the major discussion subjects this year.

The Government needs to consider that although the current UK pensions framework operates on a collective basis in both state and occupational schemes—there is already a thriving though *fragmented* market in pensions for individuals. There is plenty of *opportunity* for *individuals* to make further pension provision within or outside of the existing system.

The position of the self-employed has already been touched on. When the present earnings-related state scheme was being designed in the mid-1970s, the planners did not know how to fit in the self-employed. So they were left out of the scheme and are still only entitled to the basic state pension.

However, there are generous tax concessions given to the *self-employed* to enable them to make their own provision provided they use the appropriate investment vehicle. These are described fully in this survey.

The other opportunities that enable individuals to take out their own pension arise because there are gaps in the coverage of both the state scheme and occupational pension schemes.

The state scheme in its pensions formula only takes account of earnings up to a ceiling of around one and a half times national average earnings. The present limit is £235 a week, which is being lifted to £250 a week from April. This means that earnings above this limit do not qualify for the state pension. Everyone earning above this ceiling *will* get the same state pension for comparable length of service. So the higher the earnings of an individual the lower the state pension *as a percentage of* those earnings.

More advantageous

This has particular implications for controlling directors, company executives and other highly paid employees. They can get round the problem by being members of a company pension scheme, because there is no earnings limit on calculating the pension. But it is more advantageous in many respects for the controlling director, the executive and the highly paid employee to take out an executive pension arrangement, not least because they can take the pension with them if and when they change jobs.

However, the need and the facility to make individual arrangements is not confined to the *higher paid.* The *ordinary* employee needs to consider his situation.

The *state* scheme only provides maximum pension benefits providing the employee has at least 20 years' membership and only the years since April 1978 count. So employees will only qualify for the full state pension if they retire on or after April 1998. Although the situation gets better with the passage of time, persons retiring in the next few years who are not in any company pension scheme need to supplement their pension.

Occupational pension schemes usually only provide the maximum pension of two thirds final salary when the employee has done 40 years service. Not only does this affect employees who change jobs; it also affects the older employee in recently established schemes such as those set up to coincide with the start of the state scheme. Such employees will only qualify for a comparatively small pension unless there are arrangements to include previous service.

Employees relying solely on the state scheme are eligible for personal pension contracts from life companies on exactly the same terms as the self-employed. Employees in company pension schemes can boost their benefits by making additional contributions into an AVC scheme.

Employees who change jobs can arrange to have their trans*fer* payment *from their old company* scheme paid into one of the special schemes marketed by *life companies,* usually providing a better return than putting the money into the new company scheme.

Thus the current pensions framework already offers the following main types of pensions for the individual:

- personal pension policies *for the self-employed and* employees in non-pensionable employment;
- executive pension policies for controlling directors and company executives;
- AVC schemes for employees in company pension schemes;
- transfer plans for employees who change jobs.

Great similarity

At first glance all these schemes seem remarkably similar. The life companies marketing each of the schemes invest the contributions paid in the same tax-exempt funds. These plans all operate on the money purchase principle, i.e., the premiums paid are invested so that at retirement the cash sum accumulated is used to provide the benefits. So why are there four different types of contract?

The answer is that each type operates under a different set of tax rules which either control the amount of contribution that can be paid and/or the amount of benefit that can be provided. Each type of plan has to be separately approved by the Superannuation Funds Office of the Inland Revenue.

There are two separate bases on which tax concessions are applied. They can fix an upper limit to the contributions that qualify for tax relief and these can be invested to produce the maximum benefit. This is known as the defined contribution basis. Alternatively, the limits can be applied to the benefits and the tax concessions apply to the contributions necessary to provide *these* benefits—the defined benefit basis.

Personal pensions operate on *the defined contribution basis,* while company pension schemes have defined benefits. Executive pension schemes are classified as company pension schemes so the tax concessions relate to the benefits. This can result in anomalous situations in comparing personal and executive pensions.

A 55-year-old self-employed man can pay a maximum annual contribution of 20 per cent of his earnings over the next 10 years, this being the tax *concession limit. The* 55-year-old executive can have a pension arrangement that pro*vides a pension of two-thirds of* final salary—the contribution rate needed for this maximum benefit is likely to be in excess of 100 per cent of earnings.

AVC schemes somehow manage to impose limits on the contributions and the benefits, a situation typically British. Transfer plans are very much a special case.

Thus if a man switches from being self-employed to being an executive, he has to stop contributing under one plan and start another, even though the plans are with the same *life* company investing in the same funds. Save and Prosper Group have designed *a portable* pension an individual can use throughout his working life that can be *switched from one type* of scheme to another with a minimum of paperwork. But each time the appropriate tax concessions come into operation.

There would appear to be a case for rationalising the whole tax concession field to avoid what is very much a paradoxical situation. Perhaps the sub committee will comment on this aspect. A uniform tax concession basis would make personal portable pensions available fully under the present framework.

* *Inquiry into Provision for Retirement.*

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FT CONFERENCE

An FT conference entitled "Pensions in 1984—A Time for Change" is to be held at the Dorchester Hotel, London, on March 12 and 13. The seminar will be opened by Dr Rhodes Boyson, MP, Minister of State for Health and Social Security.

Articles on this and Page IV explain the options open to the self-employed

Success applied as guide to choice

ERE ARE around 80 life npanies offering personal ısion contracts—with-profits, posit administration and it-linked. The self-employed l their advisers have to de- e on which type of policy h which life company.

.t is not an easy choice yet is a very crucial one. Per- ıal pension policies operate the money purchase prin- .le—ie, the premiums paid invested and the cash sum umulated to the date of wing the pension is used to y a pension. So the amount pension secured depends on w much the investor con- butes and how successful the company is in investing se contributions.

The first decision that ould be made is which type contract—with-profits, de- sit administration or unit- ked. Another article in this rvey describes these contracts detail, the guarantees offered d the investment implica- ns. An investigation into the st performance of personal nsion contracts illustrates the ect without proving anything nclusively.

The accompanying tables ow the top performers for th-profits and unit-linked over years and with-profits over years. They are taken from November 1983 issue of anned Savings relating to lues on August 1 1983. The mber of linked contracts erating for at least 10 years still small and contains mostly uity-based funds. Hardly any posit administration fund has en in existence for 10 years.

The immediate temptation is compare the top funds for e various type of policy but should be resisted. If the lection process is to have any aning the results need to be terpreted in a rational anner.

Unit-linked funds have no ancial guarantees compared th with-profits and are much ore volatile. Equity funds c the most volatile, with operty and managed funds far ss so. The ultimate value of linked contract depends on veral factors, one of the more portant being the value of e units at the time of cash-in.

Equity prices were very buoyant during 1983 while property prices were sluggish. Thus it is not surprising to find that equity funds showed a good return on cash-in in 1983, with property funds lagging behind. Those investors with good memories will recall that 10 years ago property funds were being put forward as the ideal investment for unit-linking while equity funds were out of favour as being too volatile. The pundits have been proved somewhat out of line.

With-profits funds invested in a mixture of equities, fixed-interest securities, and gilts, as do linked managed funds. So a

PERFORMANCE

ERIC SHORT

comparison between with-profits and unit-linked should use the managed funds. One table shows the performance of all the managed funds that were in existence 10 years ago.

Both S and P and Hambro Life Managed funds outperformed the best with-profits, while only the top with-profit fund from National Mutual did slightly better than Abbey Life's managed fund. But one needs to examine the performance of more funds over varying conditions before being able to state categorically that unit-linked funds consistently show better returns than with-profits.

It will be constructive in future years to compare the performance of with-profit funds from traditional companies with the unit-linked managed funds offered by those same companies, since each will have had the same investment managers with the same investment strategy.

Several commentators looking at the with-profits performance tables have expressed some surprise at the excellent performance of the Prudential, Britain's largest life company. The company comes further down the table, well outside the top 10, in the "with-profit endowment assurance tables.

However, the Pru has performed consistently in the performance tables going back over the past six years for both 10-year and 20-year contracts. Otherwise the top places are dominated by mutual life companies — life companies which have no equity shareholders and so all the profits belong to the with-profit policyholders.

Advisors selecting a with-profits contract tend to use future projections in making their choice, based on current bonus rates. The main justification for this appears to be the feature that annual bonus rates have not been cut by any traditional life company since World War II.

This slavish dependence on future projections to select life companies overlooks two important features in connection with bonus declarations by life companies.

The first is that no attention is paid to the investment returns that are needed to maintain these bonus rates in the future. The market is anticipating that interest rates over the long term are likely to fall, even if they rise in the short term. Life company actuaries are issuing warnings that investors should not expect bonus rates to be maintained if interest rates fall significantly from their present levels.

The second feature is the impact of terminal bonuses on the maturity values. These bonuses are added when the pension policy vests and the self-employed starts drawing his pension. Terminal bonuses are much more volatile than the annual reversionary bonuses. In some life companies the terminal bonus can be as much as one-third of the value at vesting. If interest rates fall these terminal bonuses could be cut.

There is a committee drawn from leading personnel in traditional life companies currently examining the whole concept of making bonus projections, so that they do not mislead. One feature that could be considered is life companies showing what investment return is needed to maintain that bonus rate.

TOP COMPANIES

(Accumulated cash fund at age 65 for a man paying annual premiums of £500 over 10 to 20 years.)

WITH PROFITS—10 years	Fund £
National Mutual	11,936
Prudential	11,701
Scottish Life	11,474
Scottish Widows	11,111
Norwich Union	11,090
NPI	11,060
Equitable Life	11,001
Scottish Equitable	10,912
Scottish Amicable	10,600
Yorkshire Gen.	10,581
Unit-linked	Fund £
EQUITY FUNDS	
Lon & Man Inv Trust	15,951
M & G pers. Pens	15,801
Barclays General	15,471
S & P Equity	15,455
Barclays Income	15,393
PROPERTY FUNDS	
S & P	13,385
Hambro Life	10,276
Cannon	9,776
Abbey Life	9,327
MANAGED FUNDS	
S & P	13,276
Hambro Life	12,987
Abbey Life	11,735
Lon & Man.	10,820
Tyndall	10,018

Source: Planned Savings

WITH PROFITS—20 years	Fund £
Prudential	43,981
NPI	38,183
Norwich Union	37,192
Equitable Life	37,133
Equity & Law	35,731
Scottish Provident	33,704
Provident Mutual	33,593
Scottish Amicable	33,122
GRE	31,952
UKPI	31,190

Source: Planned Savings

Unit-linked projections go completely the other way. They all assume the same growth rates on the funds, currently 12 per cent for pension funds, irrespective of the type of fund. The past performance tables highlight the different growth rates between the various funds. All linked projections show is the effect of the charges made by life companies.

Past performance and future projection tables are a guide to selection of life companies but they are no substitute for advisers checking out the company and making their own assessment of the prospects of life companies. With traditional companies they need to look closely at the composition of the investment portfolio, the investment philosophy and the people in the investment team.

Schemes need to be tailored to individual requirements, notably in tax considerations and ultimate benefits

Importance of selecting plan with right ingredients

SELF-EMPLOYED

TERRY GARRETT

IF YOU are self-employed the chances are that you spend most of your time working that out with little thought about pensions at the end of the day. It is also a fair bet that much of the time you are working for the tax man rather than yourself, so why not let him help you provide for the future with a personal pension plan? With the taxation benefits that such plans offer there is probably no better way to provide for retirement.

Since personal pension plans were introduced in the mid-fifties there have been many changes, the result of both legislation and increased competition among the life offices. So nowadays someone thinking about providing for a pension is faced with a confusing array of choices. Moreover, if the pension from one of these plans is likely to be the major, or only, source of income in retirement the importance of picking the right plan is obvious. The trick is to choose a policy which has the right ingredients to match your needs and a good chance of performing successfully during the years of investment.

In her recent book on Self-Employed Pensions, a Money Management Handbook, Janet Walford wrote: "Although there is probably no such thing as a bad pension plan, there are certainly some which are a lot better than others." Take time and good advice over choosing the right plan.

Though the schemes are usually referred to as self-employed plans they have a wider appeal than that. Anyone who has an earned income from a non-pensionable source is is eligible for these schemes. Basically there are three categories: the self-employed, including members of a partnership, or employees and directors of a company whose employment is non-pensionable—i.e., where there is no occupational pension scheme.

The amount that an individual can now invest in a pension plan is limited to a maximum of 17.5 per cent of net relevant earnings, those being earned income, leaving aside earnings from any pensionable source, less certain deductions. Older individuals can put away a higher contribution, as the accompanying table shows.

Within that 17.5 per cent figure up to 5 percentage points can be used to provide life assurance cover for lump sum payments to dependents. Premiums on life cover attract tax relief at the highest rate paid in the same way as the rest of the premium payments.

Highest rate

All premiums towards self-employed or personal pension plans attract tax relief at the highest rate of an individual's tax rate. For a self-employed person taxed under Schedule D, contributions would be limited by the earnings of the previous year. A Schedule E taxpayer would have contributions linked to current earnings.

It is not quite as simple as that because of the "Carry Forward" and "Carry Back" provisions.

Carry Forward is where a lower premium was paid during a year than the earnings limit allowed. So there is an amount of unused relief and this can be carried forward for up to six years to increase premiums at a later date. The way in which the Carry Forward of unused relief is operated means that unused relief must be taken from the earliest of the six years, working forward to the present.

Under the Carry Back rules a premium paid in a particular year can be treated as being paid in the previous year. This has advantages for high rate tax payers and individuals who are unsure of their actual rate of earnings until after the year of assessment.

The benefits of carrying back premiums to the previous year as against carrying forward unused relief arise in three broad cases.

● To attract relief at a higher rate than the current year of assessment. An individual may have been paying at a higher rate in the previous year and of course premiums attract relief at the maximum rate.

● To get relief quicker, carry back and the relief comes straight away.

● Because the six-year rule operates from the year that the premium is deemed to be paid rather than the year it was actually paid, carrying back can avoid losing carry-forward relief from seven years previous.

As mentioned earlier the schemes on the market are numerous, many with special attractions such as loan-back provisions where pension contributions can be borrowed back while still benefiting from the taxation advantages. However the policies can be broken down into four broad categories: with-profit policies; unit-linked policies; deposit administration policies and non-profit policies. Each has its own virtues.

For years the with-profits and non-profit policies reigned supreme but during the seventies the growth of unit-linked and deposit policies intensified the competition. The one important point about with-profit and non-profit policies is that they offer security rather than the volatility associated with unit-linked. "Guarantee" is the magic word. With-profit policies provide a minimum fund or possibly pension on retirement. These guarantees tend to be nominal because the reversionary bonuses at regular intervals and final or maturity bonuses top up the fund.

Unit-linked policies are where each premium buys a number of units in a selected fund or funds. Unit-linked clearly carries a greater risk for the individual because the ultimate benefits will depend upon the performance of the selected funds. That will be determined by the state of the market in which the funds are invested and the ability of the fund managers.

Deposit administration policies is a variation on the unit-linked idea. After charges, premiums are deposited in the member's account and interest is rolled up at regular intervals. The rate of interest will fluctuate, reflecting underlying investment conditions.

Topped up

The soundest strategy is probably to go for a basis of with-profits policy. For those who can afford to invest further—up to, say, a full 17.5 per cent of net relevant earnings—a with-profits policy should be topped up with a form of unit-linked investment. The longer to go to retirement the more attractive unit-linked can be.

Moreover, because life offices appreciate that most individuals cannot afford to take a chance on their pension, many have come up with forms of guarantees to reduce the risks of volatility. Finally, non-profit policies may offer a high guaranteed pension payment but are probably unattractive to anybody other than someone who is expecting to retire in the near future.

PERCENTAGE OF NET RELEVANT EARNINGS FOR TAX YEARS

Year of birth	1980-81 and 1981-82	1982-83 onwards
1934 or later	17.5	17.5
1916 to 1933	17.5	20.0
1914 or 1915	20.5	21.0
1912 or 1913	23.5	24.0
1910 or 1911	26.5	26.5
1908 or 1909	29.5	29.5
1907 or earlier	32.5	32.5

Life offices provide wide range of appropriate schemes

TYPES OF SCHEME

ERIC SHORT

THE TAX concessions given to the self-employed to build up their own pension only apply if the savings are made through a Personal Pension Plan (PPP) from a life company. These concessions do not apply if the self-employed person makes his own savings arrangements outside a life company.

However, self-employed people have a wide choice of contract. The Self-Employed Pensions Handbook* lists about 90 life companies marketing Personal Pension Plans.

Many of the benefits and policy conditions provided under PPPs are the same, irrespective of the life company, since they are governed by the tax legislation. Thus all contracts allow complete flexibility in the payment of contributions. All contracts have the cash commutation option and complete flexibility over the start of drawing the pension. Variations occur in the design of the contract and in the underlying investments.

Money purchase

Most PPPs operate on a money purchase basis—a term now becoming known through the current debate on portable pensions. Under this arrangement contributions paid into the plan are accumulated until the self-employed person wants to draw the pension. Then he or she uses the accumulated cash value to buy a pension, but the guarantee, if any, as to the ultimate amount of pension provided is limited.

Some life companies still offer PPPs on a deferred annuity basis. Here the contributions paid secure a certain amount of pension at each eligible retirement age—somewhat akin to an average salary type of company pension arrangement. The self-employed person has some guarantee of the ultimate pension provided.

PPPs currently on the market can be grouped under four main basic categories:

● non-profit policies;
● with-profit policies;
● deposit administration;
● unit-linked policies.

With-profit and non-profit policies can be on a money purchase or deferred annuity basis. Unit-linked and deposit administration contracts are purely money purchases.

Each of these categories provides a varying degree of guarantee either in the benefits or in the rate at which contributions are accumulated. But guarantees have to be paid for and this comes mainly through restraints imposed on the investment manager.

The first three categories were developed by the conventional life companies while the fourth, as the name implies, was designed by linked life companies. Almost all conventional life companies now offer, or shortly intend to offer, unit-linked contracts alongside their traditional services. However, linked-life companies have eschewed marketing conventional pension plans.

The self-employed person and his professional adviser both need to fully understand all aspects of these categories and the life companies marketing PPPs in order to select the best contracts to meet the requirements of the individual.

Non-profit contracts provide a complete guarantee, in money terms, of the benefits, cash or pension, at retirement. However, the benefits in themselves are lower because of the guarantee and the contract has no hedge against inflation. These contracts are rarely issued by life companies and should only be considered if the self-employed is close to retirement.

With-profit policies enable policyholders to share in the profits generated by the life company from its investments and from other sources. Under the policy there is a basic benefit, cash or pension, that is guaranteed, but is lower than the benefit under a corresponding non-profit contract.

Each year, the policyholder receives his share of the profits in the form of bonuses added to the existing benefits. Each bonus benefit, after it is added, is guaranteed, though future bonuses are not. Usually a further terminal bonus is added when the pension payments are about to begin. The ultimate benefits should be well in excess of the corresponding non-profit contract.

The with-profit concept is difficult for the layman to readily understand, both in the way profits are calculated each year and in the method of sharing those profits between policyholders.

The life company's actuary calculates the amount of profit to be released each year from the long-term fund after making his annual valuation of the assets and liabilities of the fund. The actuary aims to produce a steady release of profits each year, rather than ascertain the precise amount of profit achieved in a particular year.

The policyholder receives his share of the profits through the bonus system and there are almost as many different bonus systems as there are conventional life companies. The annual reversionary bonus rates are intended to be stable from year to year, but terminal bonuses tend to be more erratic.

Deposit administration policies operate rather like a bank or building society deposit account. The contribution paid, less a deduction for expenses, are accumulated, with interest being credited to the member's account at regular intervals.

Several life companies guarantee a minimum rate of interest, at a low level, to which is added an annually declared bonus interest rate. This bonus interest rate reflects more closely the investment experience over the year compared with traditional bonus rates and so can be expected to be more erratic.

Some life companies guarantee the interest rate to be not less than the prevailing Building Societies' Association recommended mortgage rate.

Common fund

Investments under with-profits and deposit administration contracts are made in a comman investment fund entirely under the control of the life company. This central fund will invest in a mixture of fixed interest stock, equities and property, with a substantial amount overseas though the majority will be invested in the UK.

The mix will be the sole responsibility of the investment manager, though he will need to hold a significant amount in fixed-interest stock to cover the guaranteed liabilities of the fund—possibly more fixed-interest than he would hold solely on investment considerations.

The advent of unit-linking added several new dimensions to pension provision for the self-employed. The concept of unit-linking is relatively simple. The contributions paid, after deducting expenses, are used to buy units in one or more of a number of funds managed by the life company. When the self-employed person wants to start drawing his pension, he just cashes in the units accumulated and buys an annuity.

Life companies now offer the self-employed a wide range of exempt funds in which to invest their contributions. The basic range of funds includes UK and overseas equities, property, fixed-interest, index-linked gilts, cash and a managed fund. The self-employed has the facility to switch his units between the various funds at very low cost. Many life companies allow one (possibly two) switches in any 12-month period free of charge.

Unit-linked contracts offer the self-employed person and his advisers the opportunity to become involved in the investment of pension contributions. He can decide on which major sectors to invest in and switch at what he considers the opportune time, while leaving the life company to manage the underlying funds. The majority of self-employed people still prefer to leave all the investment decisions to the life company by investing in the managed fund.

There are no guarantees with unit-linked contracts, except for the cash funds, so there are no restrictions on the investment managers. Thus in the long-term, unit-linked contracts should show a better return on average than other types of pension contract.

However, there is a risk that the self-employed would want to start drawing his pension when the unit price is depressed. This can be avoided by switching to a cash fund ahead of retirement at a time when unit prices are buoyant.

*Full details of the life companies operating Personal Pension Contracts, with descriptions of the contracts offered, are contained in the Self-Employed Pensions Handbook, published by Financial Times Business Publications Limited, Greystoke Place, Fetter Lane, London EC4A 1ND.

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Facilities exist to link loans with the policy

Useful source of finance

LOANBACKS

ERIC SHORT

WHEN A self-employed person takes out a personal pension plan with a life company he is not only building up a pension while at the same time substantially reducing his tax bill. He is also opening up access to an entirely new source of finance for both business and personal use.

This may seem strange since the actual pension policy itself cannot be used as security for a loan, either from the life company or from another financial institution or from any other source. Yet almost all personal pension policies carry the facility to take loans linked to the policy that can open up a variety of financial horizons for tha self-employed.

Many self-employed persons, particularly the younger, feel inhibited from locking too much of their assets in a pension plan which cannot be touched no matter in what financial straits that person may find himself in later years. The loanback facility was devised by Vanbrugh Life nearly three years ago to overcome this drawback.

The basic theme of the self-employed loanback is as follows. The self-employed can get a loan from the life company or from any other lending institution provided he or she has a personal pension contract. The policy may already be in existence or it may be taken out at the time the loan is negotiated.

The loan operates on an interest-only basis, i.e., the self-employed only pays interest during the term of the loan. The loan is repaid when the self-employed person starts drawing his pension. The concept is that the self-employed would repay the loan from the lump sum cash commutation of part of his pension. There is, however, no lien on this cash commutation.

Many life companies have both in-house loan facilities and schemes linked with a clearing bank or other banking institution. Life company in-house schemes are prepared to advance up to the accumulated value of the personal pension plan and this facility can be automatic, without any enquiries into the borrower's status, reason for the loan and ability to service the interest.

With a life company scheme the loan will form part of the assets backing the contract, the money for the loan being raised by technically cashing-in or switching other investments. Thus the interest charged tends to be lower than with other lending sources but there is a corresponding reduction in the interest credited to the asset. For instance, Target Life charges building society mortgage rate plus 1 per cent and the pension contract is credited with the building society mortgage rate.

Under schemes with a banking institution the maximum amount of the loan is based on a multiple of the annual premiums paid under the pension policy. This multiple is based on the current age of the borrower and the number of years to pension age—with a maximum limit of 21 times the premium.

Since the personal pension policy cannot be assigned the borrower has to use some other asset as security. This is often a first or second charge on the borrower's house or some other property.

This in turn has led to the development of the pension mortgage scheme whereby the self-employed in buying his house takes out a mortgage and uses the pension policy to repay it instead of the normal endowment assurance policy.

When the amount of loan is based on a premium multiple the pension policy can be taken out in conjunction with the loan. If the self-employed is buying his main place of residence through this scheme he gets tax relief at his top rate on the premiums, compared with 15 per cent on endowment policies.

The Alliance Building Society is particularly active in the pension mortgage field, being the first building society to accept personal pension policies to repay a mortgage.

The original purpose of introducing the loanback facility was to enable the self-employed to have access to finance for business purposes. But it would appear that the chief use of the loanback facility is for buying the main home, followed by loans for business purposes.

Intermingled

Since the business and personal finances of the self-employed are intermingled, some self-employed do take loanbacks for private purposes, particularly to pay school fees. The loanback is also used to buy second homes, yachts and other pleasure facilities. The lack of any tax relief on the interest payments is partially offset by the tax relief on the pension premiums.

When the loanback facility was first introduced it was regarded as a major marketing ploy. No intermediary was prepared to sell a personal pension contract unless there was a loanback facility. There was a danger that competition would get out of hand as life companies relaxed the terms of their loanbacks to ridiculous terms.

But now that almost every policy has a loanback facility the competitive pressure has eased and loanbacks are now operated on a realistic basis.

It has been standard practice to offer loanback facilities on executive pension arrangements for some time now. These pension schemes are regarded as company pension arrangements by the Superannuation Funds Office of the Inland Revenue and there is no official restriction on mainstream company pension schemes investing back in the parent company.

However, the SFO has issued guidelines on executive pension arrangements and loanbacks, whether the scheme is with a life company or is a private small self-administered scheme.

The SFO in its famous memorandum 58 laid down that loanbacks to the parent company must be on commercial terms and should not exceed 50 per cent of the overall assets of the pension scheme.

This facility enables the parent company to unlock the assets tied up in the pension scheme on favourable terms, without abusing the facility and turning a funded scheme into an unfunded one. The loan facility is automatic in practice.

If the policy is with a lifa company then the loan terms will be on a commercial basis—perhaps as much as three points over the bank lending rate. Like self-employed pension plans, moreover, the loan becomes part of the assets backing the executive pension policy and thus affect the overall investment return.

However, with a small self-administered scheme, the terms of the loan are negotiated between the company and the trustees and in almost all cases these are the same persons.

Here the role of the independent pensioneer trustee is crucial to ensuring that tha loan is made on commercial terms.

However, directors and executives, seeing the loanbacks facilities on self-employed pensions can be used for personal use, have demanded personal loan facilities on executive pension schemes, using the cash commutation to repay the loan. Some life companies now provide this facility on their EPPs. The Revenue and the Department of Trade and Industry insist that the pension scheme must be in force before the facility is offered.

Small self-administered schemes, as company pension schemes, are not allowed to make loan facilities available to members of the scheme.

A friendly society is the latest avenue for DIY schemes

Added degree of sophistication

DO-IT-YOURSELF

ERIC SHORT

The tax concession available to the self-employed are set out in the legendary section 226 of the 1970 Income and Corporation Taxes Act. This states that to obtain approval the plan has to be issued by an insurance company.

Such a ruling would seem to stop dead in its tracks any idea of the self-employed running their own pension schemes, with their own investment advisers and influencing the investment strategy. But this is not necessarily so. There are ways for the self-employed to have their own DIY pension schemes.

The first method devised a few years ago is to find a co-operative life company that will effectively give its name to the DIY scheme and administer it. Several life companies, mainly the newer linked ones but including Sun Life, are willing to co-operate in estabishing such schemes.

The life company sets up the pension plan solely for the employed in question. It then appoints as investment manager to the plan the manager recommended by the self-employed.

The scheme operates on the unit-linked principle, since it would be impossible to incorporate any type of traditional scheme, with its underlying guarantees, into a DIY system.

The scheme is in the name of the life company, the investments are held in the name of the life company. Details have to be included in the life company's annual returns to the Department of Trade and Industry. But the investments will be managed by the appointed investment manager, not the life company's own investment staff.

The investment manager may be the self-employed stockbroker or he may be someone recommended by the insurance broker or pension consultant who arranged the scheme. But these schemes have to be approved by the Superannuation Funds Office of the Inland Revenue, so the investment manager needs to be experienced and acceptable to the authorities.

Prescribed list

The assets are held in the name of the life company and thus are subject to the restrictions on life company investment imposed by the Linked Properties and Indices Regulations 1975. But the prescribed list of acceptable investments covers a very wide range of cash, fixed-interest, equities and property, both UK and overseas. Investment may be made direct or through unit trusts. The main exclusions are residential property, unquoted shares and share options.

Once the scheme is established the life company has very little involvement in the operation of the scheme. It will be responsible for some of the administration but otherwise its role is that of a sleeping partner. Nevertheless, the life company still collects its fees.

The minimum accepted annual contributions into such a DIY scheme are high enough to debar an individual making his own arrangement unless his earnings are extremely high. These life company DIY schemes are for groups of self-employed, such as partnerships. This can result in problems within the group over investment policy, which has to be on a collective basis. However, most schemes have facilities for separation of funds, once they have built up to a sufficient size.

Over the past few months certain firms of consulting actuaries have come up with the very sophisticated idea of using a friendly society for the self-employed pension scheme.

Friendly societies come within the orbit of section 226 as acceptable bodies for transacting approved self-employed pension business. It only requires seven people to set up a friendly society, so many partnerships can form their own captive for their DIY pension scheme.

There is a cumbersome bureaucratic process to be undergone, however, before the friendly society and the pension scheme see the light of day. Approval from the Chief Registrar of Friendly Societies is necessary and the SFO is involved. A set of rules for the friendly society is necessary and the retirement annuity policy will need SFO approval.

But having set up the friendly society, the partners can get on with running it to their own advantage with their own investment adviser, without going through a third party, but they have to conform to the restrictions laid down by friendly society legislation.

The main one concerns investment, which is subject to the provisions of the Trustee Investment Act 1961. This requires at least 50 per cent of the investments to be in what is termed "narrow" range securities — cash, fixed-interest, bank deposits or loans. The rest can be invested in a wider range of securities such as equities or property.

On the face of it this would seem to be imposing considerable constraints on investment compared with the scope offered by life companies. However, the investment experience of self-administered executive investment schemes shows that very large proportions of those funds are invested in deposits, property and loans, with very little in equities.

The overwhelming advantages of the captive friendly society are flexibility and cheapness compared with the life assurance company route. Each partner can contribute as little or as much as he wants. He can invest part of his contributions elsewhere if he desires. He can have his own separate pool of investments within the main fund if he desires.

The friendly society will need to make annual returns to the Registrar and will have to have an actuarial valuation made every three years.

The DIY scheme, whatever route taken, can make loans to partners on commercial terms, as with the loanback facility on a life company personal pension plan. It can also arrange for any property held by the partnership to be acquired by the pension scheme.

Under this arrangement the control of the property remains with the partners. But since it is in the name of the pension scheme there is no problem for junior partners in having to find the necessary finance to buy the property from senior partners.

The current theme of the portable pension supporters is freedom — freedom in every aspect of making pension provision. They envisage that all individuals, including self-employed, would be able to make their own pension arrangements, handling their own investments if desired through a variety of institutions and investment managers. If their proposals are even partially accepted there will be no need for the self-employed to use life companies or friendly societies or any other device to run their own pension schemes.

There is a growing body of opinion which argues that the employee should have greater security of pension when changing jobs, which brings in the question of portable personal pensions. The two topics are discussed below

Reforms offer little cheer

TRANSFERABILITY

ERIC SHORT

THE GOVERNMENT is at last coming to grips with the early-leaver problem—the loss of pension rights when an employee changes jobs. At the end of November Mr Norman Fowler, Secretary of State for Social Services, published the Government's proposals on how it intends to deal with the problem.

Essentially the Government is following the recommendations of the Occupational Pensions Board made in June 1981, two and a half years before this latest announcement. The subject has meanwhile been discussed very thoroughly, in a debate generating considerable controversy but failing to come up with anything better than the OPB's recommendations.

However, there is very little to cheer about in these proposals because they are essentially tackling the problem of the future early leaver and not the present one. The injustices facing employees changing their jobs at the present time remain.

The situation concerning an employee's pension rights when he changes jobs is complex. Because a pension scheme is set up under a trust, the benefit entitlement of an employee leaving his job is set out in the trust deed. But at present there are two legislative requirements that impose a minimum benefit for early leavers.

No provision

The first confers the right of an employee to a paid-up pension based on his years of service in his old employer's pension scheme and his earnings at the time of leaving. There is no provision for revaluing this benefit and it has acquired the name of a "frozen" pension.

The second piece of legislation applies to contracted-out schemes and ensures that the job changer has at least his equivalent state earnings-related pension, known as the Guaranteed Minimum Pension (GMP). This is revalued each year in line with national average earnings.

The Government's proposal for final salary company pension schemes—the vast majority—is that the deferred pension, over and above the GMP portion, should be revalued each year in line with the Retail Price Index up to a maximum of 5 per cent in any one year.

This in itself only offers limited protection if inflation again rises above 5 per cent. Moreover, to have one part of the pension revalued in line with earnings and the other part by 5 per cent of prices will only add to an already confused system. But there is worse to talk about confusion to come.

This 5 per cent revaluation will apply only to pension benefits earned in the years following what Government calls Revaluation or R day—a date yet to be fixed but likely to be some day this year. But R day will be fixed before the legislation is enacted so the revaluation will apply to employees leaving service after the legislation becomes effective—known as the Appointed Day or A day.

Thus employees changing jobs after this A day will have part of their deferred pension—the GMP—revalued in line with earnings, part of it representing benefits after R day revalued at 5 per cent or in line with prices if lower and the rest left unchanged.

The situation on the pension rights of job changers can aptly be described as confusion worse confounded. One may safely predict that the Occupational Pensions Advisory Service can expect a busy time in dealing with queries on pension rights on changing jobs.

The Government in its proposal document blithely states that if companies wish to do more than the statutory minimum protection, then they are free to do so. But with the honourable exception of a few notable companies this expression of hope that employers will do more is simply pie in the sky.

Employers in general are not prepared to pay one penny more than they have to for people who have left their employment. Indeed the practice of franking, under which the cost of meeting the GMP revaluation was paid for by cutting back on the rest of the deferred pension, was widespread. This is legal, until the Government gets round to passing the necessary legislation banning franking, but highly immoral.

Generations to come will thus have their pension rights on changing jobs protected. But for present generations it means trying to persuade their employers to be more generous towards job changers or, in the likely event of this failing, then making the most of the existing benefits that are available.

The Government, following the OPB's attitude, has not taken any steps to require pension schemes to make a transfer payment in lieu of a deferred pension. Many schemes, however, do have in their rules provision to make such lump sum transfer payments and when the proposed legislation eventually gets enacted one feels that many more schemes will not only make transfer payments available but encourage employees leaving then to take it so as to avoid a mass of complex administration with deferred pensions.

Size of payment

The problem arises over the size of the transfer payment. The actuary to the outgoing scheme will advise the trustees on the amount of transfer payments based on the ultimate pension. The actuary to the incoming scheme will advise his trustees on what this lump sum is worth in terms of past years of service.

The discrepancy between the two sets of assessments is considerable and leads to bitterness on the part of the employee. It is quite common for an employee with 10 or more years' service with his old employer to find that his transfer payment gets him just two or three years' credit. This discrepancy arises because each actuary takes a very different view of future conditions in his calculations. It is possible to bargain with the trustees to secure better terms, ingoing as well as outgoing. But employees would be advised to use a firm of consultants specialising in this area.

But for the main body of job changers the message is clear. They need to take the transfer payment offered them and seek the best bargain on the market. Until a couple of years ago there was nothing available. Then in November 1981 London and Manchester Assurance opened up a new field by launching a contract called Transplan.

Under this type of contract the lump sum transfer payment is invested with the life company and the sum accumulated to the date of retirement is used to buy a pension. But naturally it is not as straightforward as a simple money purchase scheme.

The old employer is responsible for revaluing the GMP liability of the employee who is leaving him until someone else takes over that responsibility. If the payment is made into the new employer's scheme then that scheme accepts responsibility. If payment is made into a Transplan arrangement then the employer will expect the life company to take over the GMP revaluation.

There were certain problems relating to the interpretation of the pensions legislation but these have now been resolved. As a result there has been a steady stream of these plans coming on to the market over the past 12 months, mainly from the traditional life companies.

The plans from these life companies operate on the deposit administration principle. The guaranteed rate of accumulation is less than the $8\frac{1}{2}$ per cent revaluation required for GMPs. At the moment the bonus interest rates take the total accumulation rates well above this figure, so there are no problems with the life company accepting revaluation.

Crown Life markets its Crown Bond, which offers employees the opportunity to invest in unit-linked funds. But unit-linked funds are not suitable to provide financial guarantees. So part of the investment has to be in a deposit administration fund to meet GMP liabilities and only the remainder can be invested in linked funds.

Powerless

However, as with many pension plans, the individual is powerless to act on his own. All transactions have to be carried out by the trustees, who would invest the transfer payment into the life company scheme on behalf of the employee.

This could mean in many cases that the employee has to put his transfer money into a life company of the trustees' choice and not his own. There is a growing body of opinion that feels that the individual should have far more say in his pension affairs. Ideally they would like the job changer to use his transfer money to start the investment into a portable pension that the employee could take around with him.

Whatever the outcome of the current investigation into portable pensions, there is a need for the Government to rationalise the present fragmented state of individual pensions.

Government inquiry sets about tackling a hot issue

PORTABILITY

BARRY RILEY

THE FIRST task for Mr Norman Fowler's Inquiry into Provision for Retirement will be to produce a report on personal portable pensions. This is due to be produced by the spring; written evidence on the subject has been requested from interested bodies and individuals by the end of this month.

A sub-group of the full inquiry team is tackling the portability question and on the face of it has been packed with people who might be expected to be sympathetic to a fairly radical approach. Besides Mr Barney Hayhoe, a Treasury Minister, the list includes Mr Marshall Field from the Life Offices Association, Professor Alan Peacock from the free enterprise University of Buckingham and Mr Mark Weinberg of Hambro Life, whose organisation would be particularly well placed to benefit from the erosion of traditional occupational pension schemes.

However, Mr Fowler will be chairman of the sub-group and so far he has stayed carefully neutral on the question of portability. The sub-group will undoubtedly be bombarded with critical submissions from the traditional occupational pensions industry and Mr Fowler will have to be convinced that it would be practical to give more freedom to individuals.

Portability has become a hot issue for several reasons. One is the resurgence of the ideological Right-wing, encouraged by more than four years of Thatcherism. The Right-wing Conservative think tank, The Centre for Policy Studies, launched a campaign last spring with the publication of its pamphlet "Personal and Portable Pensions — For All" and has been actively supported by the Institute of Directors.

Such bodies are ideologically committed to the view that a capitalist society can only work properly if individuals are free to manage their wealth and to take risks if they judge it is worthwhile. It is anathema to the Right wing to see ever vaster resources piling up in institutional funds, with the consequent reduction in direct participation by individuals in the financial markets.

Another reason is that the poor deal given to early leavers from conventional occupational pension schemes — benefits usually drop sharply on a change of jobs—has aroused increasing resentment. Portable personal schemes would get round this difficulty. However, this is only a secondary argument as far as the CPS is concerned and of course there are other, less radical ways of tackling the early leaver problem.

Tax concessions

A third reason is that in the wake of tax concessions over the years there has been a very extensive development in the provision of self-employed pensions. The infrastructure exists for the extension of such services into the employed sector—and there are many financial organisations now lobbying for such changes.

One of the most prominent has been the Save and Prosper Group, which has published a so-called blueprint for freedom in pensions. It proposes that all employees should have the right to opt out of their employer's scheme and set up their own personal retirement account.

But against the ideological and commercial interests arguing for portability and personalisation of pension rights there is set the powerful vested interest of the occupational pension schemes. They will argue strongly and effectively that portability would inflict a fundamental damage on existing pension plans.

Even such an apparently simple measure as allowing employees the right to opt out of their company scheme would wreak havoc with the assumptions on which the funding was based. Those opting out would be primarily the younger mobile elements who at present cost little in benefits. Those staying in would be predominantly the older workers for whom heavy contributions would be necessary.

Occupational schemes are normally funded on an aggregate basis—no attempt is made to calculate the costs for individuals. But if individuals were to be attributed their own "share" of the fund and could take that away with them, there would have to be a quite different approach to designing company schemes.

The advocates of portability accept that it would mean the end of the standard type of company scheme which relates benefits to final salary. Commonly, individuals accrue sixtieths of final salary for each of up to 40 years' service, giving a maximum pension of two-thirds of final salary.

Instead, pension schemes would have to revert to the "money purchase" basis which was common until about 20 years ago. A fund would be built up for each scheme member, to be used on retirement to purchase whatever pension was available in the prevailing market conditions. This is how self-employed pensions work.

The occupational pensions establishment argues that this would be a highly retrogade step. An important protection against inflation would be removed—inflation being the agent which led to the downfall of money purchase occupational schemes in the first place.

Moreover there would be no very obvious criteria for the level of contributions. Certainly employers would not feel under any obligation to top up schemes in the event of high inflation or poor investment performance—and while some of the more mobile employees might benefit, the loyal, long-serving worker would have no clear idea of the level of pension to which he could look forward.

The occupational pensions movement will also shoot down the idea that individual control of pension assets will lead to a revitalisation of the economy. Most people will simply not sink their future pensions into risky small businesses, as the Institute of Directors appears to believe. By and large, the money would simply shift from one set of institutions to another.

Some compromise

Sympathetic as several members of the Government appear to be to the ideas of the CPS, it is going to be hard for Mr Fowler to turn the occupational pensions movement upside down in the cause of portability. In practice the search will be on for some sort of compromise.

One straw in the wind is that schemes are anyway coming under pressure to improve their treatment of early leavers and this may lead to a reduction in benefits for stayers. Pensions might, for instance, be shaded to half rather than two-thirds of final salary.

It is possible that this might leave scope for an extension of the existing provision for additional voluntary contributions. At present these are not portable (and therefore are unattractive to younger employees) but with the appropriate tax shelter they could be turned into genuine portable personal pension funds.

The more highly paid and financially sophisticated section of the workforce could thus be given an opportunity to build up capital without damaging the security of the pension rights of the bulk of the population.

A route with pitfalls and advantages

SELF-ADMINISTERED

TIM DICKSON

"I THINK some individuals dream about their self-administered pension schemes," observes Mr Geoffrey Pointon of Pointon York based in London which also operates in Leicester. After all, the assets under their control can often be greater than the employing company's balance sheet."

There is without doubt a certain romance about running your own pension fund. Since 1979, when the Superannuation Funds Office of the Inland Revenue updated its provisions, there has been a steady growth in this type of business. The exact size of the market is uncertain but leading advisers reckon that as many as 5,000 small companies could now be running their own "self administered" schemes.

Companies contemplating this route, however, should be quite clear about their motives and should not simply follow the herd because they hear that the idea is fashionable. Significant advantages there may be—but the possible pitfalls should not be ignored.

The whole basis of a small self-administered scheme — regarded by the Inland Revenue as one with fewer than 12 members and under which the investment powers are not limited to an insurance contract—is that as trustees the controlling directors can choose the investments themselves. But while it is possible to cut out an insurance company completely certain specific additional requirements must at the same time be met.

One of the trustees must be a "pensioneer trustee" (in other words officially recognised by the Inland Revenue); an actuarial report must be sent to the Revenue at the outset and at least every three years; while the taxman will want regular details of how the scheme's cash is being invested.

Wide range

It is in this respect perhaps that self-administered schemes look most attractive. For the permitted range of investments is remarkably wide provided that they are made on a commercial basis, match the liabilities of the fund and are not obvious artificial devices to save tax for the directors of the company. Besides straightforward shares, gilt-edged securities, bank and building society deposits and property, for example the trustees can use the pension contributions to buy and lease back the company's own premises (more satisfactory than having an "outside" landlord) and up to 50 per cent of the assets can be "borrowed back" by the employer company provided it is done at a commercial rate of interest.

Funding the company's property requirements out of the pension scheme is extremely popular. It is clearly tax-efficient in view of the fact that employers' contributions rank as an expense against corporation tax. But much may depend on how far scheme members are from retirement. If the properties represent a substantial part of the assets of the fund they may have to be sold to pay for the benefits of the members.

The "loanback" facility, meanwhile, can be used to overcome temporary cash flow difficulties. But as a partner of pension advisers Duncan C. Fraser points out, the pension fund should not be used as a permanent overdraft. "We find that we quite often have to emphasise to our clients that the Revenue is anxious to see evidence of a finite time scale for the loan to be repaid," he explains.

300 SELF-ADMINISTERED FUNDS

Investment	1983 £'000s	1983 Per cent.	1982 £'000s	1982 Per cent.
Cash	18,503	32.2	15,832	34.4
Equities direct	1,550	2.7	1,159	2.5
Managed funds	7,199	12.5	5,545	12.0
Loanbacks	6,599	11.5	5,577	12.1
Property	20,023	34.9	14,241	30.9
Gilts	3,480	6.1	3,671	8.0
Others	49	0.1	47	0.1
Total	57,403		46,072	

Source: Pointon York, November 1983.

The accompanying table covers more than 300 funds under the administration of Pointon York. It illustrates that loanbacks account for less than 12 per cent of the £57m of assets being invested last year. Other advisers confirm that loanbacks are used less frequently than some of the publicity surrounding self-administration might suggest.

The heavy weighting towards property is also typical, reflecting no doubt not just investment in the directors' own offices and buildings but purchases in the local property market with which the small businessmen is more often than not well acquainted. Cash and short term deposits tend to account for a significant proportion, particularly at the outset, while the proportion in managed funds shows that the majority are not prepared to back their own judgment in gilts and equities.

Certain investments, meanwhile, are unlikely to pass the Inland Revenue's scrutiny. Works of art, residential property and yachts fall into this category, especially if they are used by directors of the company which are members of the scheme. Commodities suggest dealing rather than investment and as with insured funds tax exemption only applies to investment income and gains, not trading profits.

Charges for setting up a self-administered scheme vary from adviser to adviser but a typical initial fee might be £3,000, with annual levies on top of that for pensioneer trustee, administrators, record keeping and investment advisory services (if required) depending on the size of the accumulated fund and the level of contributions. The advantage, of course, is that you are cutting out the insurance broker's commission built into the structure of insured schemes (except of course those of non-commission offices like Equitable Life and London Life).

Duncan C. Fraser reckons that with £15,000-£20,000 of annual contributions the self-administered route is more cost-effective—though against this insurance companies and brokers are likely to stress the benefits of the guarantee provided by the insured, with-profits approach.

Many insurance companies have nevertheless tried to counter the attractions of self-administered pension arrangements by promoting "hybrid" schemes—where 30 per cent, say, of the funds are invested through the medium of an insured pension scheme and the rest self-administered.

Cost savings

To sum up, the fully self-administered scheme for directors and key executives offers greater flexibility and control over investments with setting up and running cost savings for larger amounts. The upside is obviously greater—proponents emphasise the opportunities to invest with an insider's eye in the equity of small companies in the same field, while the cost of the insured scheme's guarantee is obviously avoided.

But the scope for beating the professionals may be less than some optimists think. If you are the sort that has nightmares about the value of his granny bonds it is probably better to stick to the proven expertise of a life office.

Each plan has benefits to meet the needs of the individual

Keynote of executive pension plan is flexibility

LIFE OFFICES

ERIC SHORT

CONVENTIONAL LIFE companies have been offering pension contracts for executives and senior employees for decades. However, these Individual Pension Arrangements are designed primarily to top up the benefits provided under the mainstream company pension schemes.

The 1973 Social Security Act opened up a new pensions market when it gave controlling directors the option of being treated as employees in company pension arrangements. Instead of being treated as self-employed. It was, however, the newer linked-life companies, which were not involved in company pensions business that realised the potential of enfranchising controlling directors.

Concessions

Executive pension arrangements are regarded by the Superannuation Funds Office of the Inland Revenue as company pension arrangements. This means that the tax concessions relate to the benefits, in contrast to Personal Pension Plans where the concessions relate to contributions.

Concessions based on benefits are worth far more than those based on contributions, especially for older executives. This gives far greater scope for pension contracts in tax planning, particularly in the lump sum benefits paid tax free.

The newer linked life companies designed the Executive Pension Plan (EPP) to provide a complete benefit package independent of any mainstream company pension scheme.

These contracts centred on the taxation aspects of pension arrangements—the means of passing assets from the company to the executive in a tax-efficient manner. The contributions made by the company to an EPP are eligible for Corporation Tax relief, thus more than halving the cost. The benefits paid to the executive or to his estate are either completely free of all taxes or else are favourably treated.

This compares with the heavy tax penalty imposed if payments are made direct from the company to the executive. Pension schemes now form an important element in the executive's overall remuneration package and this was the marketing theme of the linked life companies.

The conventional life companies, having seen the success of the linked life companies, eventually followed their lead. Now all life companies offer EPPs as an important member of their pension product range.

Company pension schemes tend to be inflexible, and it is difficult to alter the benefit structure to meet the individual needs of particular personnel. The keynote of an EPP is flexibility with each plan having its benefits arranged to meet the particular needs of the executive, both during employment and at retirement. The contributions can be adjusted to meet the varying profitability of the company. Thus EPPs are ideal for senior employees and executives as well as for controlling directors.

The majority of EPPs offered by life companies operate on the money purchase principle. The contributions paid into the scheme, after deducting the cost of the death-in-service benefit and expenses, are accumulated to retirement. At retirement, the lump sum commutation is paid from the accumulated value and the balance used to buy a pension.

Thus there is no guarantee as to the amount of pension and/or cash sum eventually paid, unlike the majority of company pension schemes which operate on a final salary basis where the pension is guaranteed as a specific figure based on final or final average salary.

Benefits

Nevertheless, it is possible to target the benefits under an EPP to a specific benefit level, such as a pension of two-thirds of final salary. The life company would calculate the required premium rate needed to achieve these benefits on certain investment assumptions relating to the underlying funds.

If at some future date the contribution rate becomes too onerous for the company to meet, then it can be lowered to an acceptable level and the consequent pension benefit reduced, since that benefit is not guaranteed under the Plan.

The current economic depression has affected the ability of many companies to maintain the contributions rates on EPPs arranged in the last decade. These companies have found the facility to reduce contributions to be invaluable in easing the pressure on their cash flow. Contributions can be increased when conditions improve.

In contrast, some companies have found it a severe strain to maintain the contribution rate on their mainstream final salary company pension schemes in these times of depression. Yet because of the pension guarantee, the company cannot lower the contribution rate without endangering the solvency of the scheme.

The flexible structure of EPPs results in the plans marketed by the various life companies appearing remarkably similar in structure. The main area of difference between plans is in the underlying investments made by the life company and what it means in terms of the build-up in the value of the plan.

Traditional life companies originally stuck to the conventional with-profit concept in designing their Executive Pension Plans. This operates in two basic forms.

The first, more common, form operates on the cash funding principle. Under this concept, the life company actuary calculates the cash sum accumulated to retirement per unit of premium paid. This sum is guaranteed whatever the intervening investment conditions. Once a year the life company, on the advice of the actuary, declares a bonus from its distributable profits and this is added to the guaranteed sum.

A bonus, once it has been declared, is guaranteed, but life companies do not guarantee future bonuses. In addition, almost all life companies pay a final bonus at the time of retirement.

The other main type of conventional executive pension contract is the deposit administration plan. This simply accumulates the contributions paid in a form akin to a deposit account. The bonus system is still applied by many life companies in the form of a bonus interest rate declared every year which is added to a low guaranteed rate.

Under conventional schemes, investment is made into a central fund, which consists of a mixture of the entire investment spectrum. The investment decisions are handled entirely by the life company, but the investment manager will need to hold sufficient fixed-interest stocks to cover the financial guarantees.

EPPs issued by linked life companies operate on the unit-linked principle. Here the contributions are used to buy units in the underlying funds and the investor has a wide choice—UK and overseas equities, property, fixed-interest, index-linked gilts and cash—with the facility to switch funds. However, all the investment decisions can be left to the life company by investing in the managed fund.

Traditional life companies are now becoming involved in the unit-linked field and offer linked pension plans alongside their conventional sources.

Investment performance is all important under an EPP, but not crucial as with a Personal Pension Plan where the ultimate pension depends entirely on performance. The company can increase the contributions under an EPP to reach the desired level of benefits.

Nevertheless, when economic conditions are stringent a good investment performance of the underlying funds can hold in check any escalation in contributions. Client companies are now much more conscious of the life company's investment performance than a few years ago when the main criteria seemed to be to pay as big a contribution as possible to cut the tax bill.

Difference

The other major difference between conventional and linked EPPs lies in the method of charging expenses. Linked contracts first make an initial charge of 5 per cent of contributions, which is included in the bid-offer spread of the unit price. Then the life company makes an annual renewal charge, usually ½ per cent, plus a higher renewal charge in respect of contributions made in the first two years.

On conventional contracts, the actuary builds an allowance for expenses into his contribution calculations. Subsequently, expenses are taken into account in ascertaining the distributable profits.

All life companies allow the client company to borrow back up to 30 per cent of the value of the fund, known as the loan-back facility. Some life companies also have personal loan facilities for the executive on their EPPs. These facilities are discussed in detail in a separate article.

'Top hat' schemes have flourished over the past ten years

Attractions for senior men

EXECUTIVE SCHEMES

TERRY GARRETT

PENSION provisions feature in most remuneration packages, no matter whether the recipient is at the top or the bottom of a company's workforce. Yet at the top of the scale the importance of planning to offset high rates of income tax plays a crucial role in planning appropriate pension provisions.

There has always been a reasonable market for pension plans for executive directors and senior employees in a public company to "top up" their entitlements under a company pension scheme. But it was not until the major changes in social security legislation during 1973 that controlling directors in a company were allowed to become members in their companies' pension schemes. Until then controlling directors had to be regarded as self-employed for pension purposes and latch themselves onto one of the personal pension plans.

From that point in 1973 a whole new pensions market blossomed—the executive pensions market, or "top hat" schemes as they used to be dubbed. Controlling directors can, of course, still go the route of personal pension plans rather than an executive scheme. Both options are highly tax-efficient for the individual and the company, though the benefits provided for the recipient are very different.

As discussed elsewhere in this survey, personal pension plans or self-employed schemes, operate on the level of contributions. There are maximum payments that can be put into a scheme out of qualifying income but there is no limit at all on what benefits the accumulated sum can provide at retirement date. In sharp contrast, an executive scheme comes within the company pension plan rules where there are strict limits on what can be paid out in benefits but no limits at all on what can be paid into the scheme.

Contributions are as high as necessary to provide for these benefits. If the fund is being handled by a life office its actuary will calculate what contributions should be paid in. If the scheme is a self-administered one, a consulting actuary must be brought in to calculate the rate of contribution.

Though most executives may be concentrating on the tax efficiency of pension provisions through an executive scheme it is worth looking at the benefits they provide, for that is where executive and personal plans diverge.

Employees who have been with a company for at least 10 years can receive a pension up to two-thirds of final salary. For less than 10 years service the figure is proportionately scaled down.

"Final salary" is also a flexible notion within the framework. It allows employees to choose either the best year in any one of the five years before the date of retirement or an average of any three years within the last ten. The provision is obviously of considerable benefit to those in executive positions whose annual income varies considerably due to profits-related bonuses or extra fee-related income.

There are also provisions for a lump sum payment on retirement. The member of the scheme can exchange some or all of his entitlement for a tax-free lump sum at the time of leaving the company to retire. The amount that can be taken is governed by a formula allowing him to take an amount equal to one and a half times the final salary figure. The full one and a half times number can only be used for executives who have spent at least 20 years with the company. Shorter periods of service scale down the amount that can be taken as a lump sum.

Lump sum

Should the executive die in service before retirement age his or her beneficiaries can receive a lump sum payment up to four times salary plus a refund of contributions. On top of that the widow or widower can receive a pension equivalent to two-thirds of the maximum prospective pension that might have been paid had the individual retired. The widow's or widower's pension right is still there in the event of death of the executive after retirement. There are also provisions whereby cost of living increases may be paid to pensions.

Of course the maximum benefits for executive schemes are no better or worse than could be applied to any company pension scheme for all the workers. However, not many companies could afford to be as generous to all employees, so the executive pension plan can be a nice "perk" over that of other employees.

In most cases the benefits provided by executive pension plans are greater than personal pension plans could provide, if only because personal pension plans are restricted in the amount that can be paid into them. Pensions have to be paid for, and company and executive plans have no limit on contributions.

Tax considerations of course play a major part in the planning of pensions. Contributions into a scheme qualify for full tax relief. For the individual this means that his contributions, up to 15 per cent of salary, can be offset against his top rate of income tax, excluding any investment income surcharge, while company contributions attract relief against corporation tax. So for both company and individual the taxman is subsidising pension contributions.

Investment is made into a tax-exempt fund. For controlling executives the attraction of maximising remuneration, via pension provisions, plus the tax efficiency of investment is an overwhelming combination. Indeed, since the legislation changed 11 years ago life companies have been putting increasing weight behind the executive pension scheme market. Even so analysis shows that a surprisingly high number of controlling executives are not maximising their potential benefits despite the upsurge in activity over the past 10 years.

Voluntary schemes can add substantially to final benefits

Worthwhile extras to be had

ADDITIONAL VOLUNTARY CONTRIBUTIONS

ERIC SHORT

THE DISCUSSION on the so-called early leaver problem—the loss of pension rights when an employee changes jobs—has highlighted the injustice of the situation.

Unfortunately for the current generation of job changers, the Government's proposed solution, reached after nearly three years of deliberation, will not remedy their situation. The proposals, when implemented, will modestly revalue deferred pensions by a maximum of 5 per cent but this will only apply to future benefits.

The Government is leaving it to individual employers to decide whether to do more than the legal minimum, such as to include all service and not just future service in the revaluation. But the general feeling among employers in the private sector—with a few notable exceptions—is one of reluctance to pay out more than they have to in respect of employees who have left or are about to leave them.

At the end of the day the only practical resource to employees who have changed jobs is to endeavour to repair as much of the damage themselves.

Fortunately, the Inland Revenue gives a helping hand to employees willing to contribute extra on top of their basic company pension contribution.

Employees making Additional Voluntary Contributions (refered to as AVCs) into their company pension scheme will qualify for tax relief at the top rate they pay. The overall limit for this concession is that the overall pension contributions paid by the employee into the main scheme and AVCs must not exceed 15 per cent of salary.

This limit provides employees with ample opportunities to save worthwhile amounts from their earnings.

The contributions will be invested in tax-exempt funds, as with any other pension contribution, thus lifting significantly the investment return on the employee's savings compared with other forms of saving.

These tax concessions make AVC's one of the most tax-efficient savings vehicles available to individuals.

However, there are disadvantages in making AVC payments. The employee is expected to contribute for at least five years before retirement or risk losing the tax concessions. Revenue will allow earlier discontinuance in cases of hardship. But whatever the circumstances the AVC money is locked away until retirement or earlier death.

However, the employee cannot rush out and set up his own AVC arrangement. Technically, AVCs are simply additional contributions paid into the main pension scheme and as such come under the wing of the pension scheme trustees. The pension scheme trust deed must allow for AVCs to be paid and the trustees must take responsibility for investing the AVCs and securing the benefits.

The trustees have several choices in deciding where AVCs should be invested. One possibility is that AVCs are swallowed up in the main investment fund as part of the general cash flow into the scheme. But unlike the employee's mainstream contribution the trustees have to identify the AVCs paid by individual employees and the benefits secured by them.

Some pension schemes do invest AVCs in the main scheme, a common method being to treat AVCs as payments into a deposit account and crediting with an interest rate based on the fund's investment performance, i.e. to operate AVCs on a money purchase basis.

Most trustees, however, do not want to take on the extra administration involved with internal investment. They prefer to keep AVC payments completely separate through an AVC scheme outside the main company scheme. Here the trustees and their pension advisers are finding themselves subject to the blandishments of an ever-widening circle of financial institutions offering their latest AVC scheme.

AVC schemes have been around for many years but until recently have remained the province of a few traditional life companies. However, the AVC market is expanding steadily as employees, at long last, are becoming aware of the tax efficiency of AVC schemes. But the market is nowhere near realising its full potential, so there is still plenty of incentives for financial institutions to endeavour to get a share of a growing market.

Unit-linked

So traditional life companies have been joined by building societies in marketing AVC schemes. It may not be long before they are joined by unit-linked companies, especially the unit-linked operations of traditional life companies.

Employees in general do not understand the financial operations of pension schemes. The benefit guarantees are usually sufficient and they are content to leave the investment problems to the trustees. But with AVCs they are directly concerned. So one feature of an AVC scheme is that it should be easily understood.

Here the building societies have a distinct edge. Their AVC schemes are straightforward deposit accounts with the interest paid gross and the employee receiving regular benefit statements showing the current value of his account. Not surprisingly, the societies have cornered over one-fifth of the AVC market without really trying.

Thus life companies have been changing the style of their AVC schemes from the normal with-profit type, which quotes benefits at the date of retirement in a somewhat complicated form, to a deposit administration scheme which accumulates benefits to date by adding annual bonus interest rates to a guaranteed rate.

In theory building societies operating on a short-term basis should not be able to match the long-term returns from life companies. But in an era of high interest rates building societies have kept pace.

Our heritage for lease

BY JUNE FIELD

IN THIS YEAR of "Heritage '84" — the massive marketing exercise by the British Tourist Authority to promote an interest in Britain's past — the opportunity to live or work in an historic property is particularly appropriate.

Currently you can take your pick from an impressive Georgian mansion in the West Midlands, a listed Grade I stately home in Buckinghamshire once owned by Lord Astor, and a 1930s replica of a Spanish *hacienda* overlooking Portland Harbour.

Diverse in appeal, there is one thing these places have in common. They are all owned by the National Trust.

Launched in July, 1894 in Grosvenor House in London, then the home of the Duke of Westminster, the National Trust is the largest private land owner and conservation society in Britain. As well as some 200 historic buildings, it owns around 426 miles of unspoilt coastline, 134,000 acres of fell, dales, lakes and forest in the Lake District alone, plus 21 villages.

But although rich in possessions, the Trust is always short of ready cash. For it cannot sell or mortgage anything it holds for preservation, and each year maintenance costs increase.

Funds come from membership fees plus donations from the public and the National Heritage Memorial Fund. (Although Lord Brownlow gave Belton House, Lincolnshire and the adjoining 32 acres to the Trust, the NHMF provided some £8m to maintain them as well as to buy the principal contents and the 765-acre park).

Not all the properties are such grand estates, and in normal circumstances the National Trust administers its portfolio along the lines of any other property company, letting off some or part of its treasures to bring in income.

Last year the tenancy of a two bedroom flat was available at Standen, near East Grinstead, West Sussex, a fine Victorian house bequeathed to the Trust in 1972 by the late Helen Beale; her father, a London solicitor, had commissioned the house from architect Philip Webb, a colleague of William Morris.

The place came without a full endowment, so the east wing was divided into rentable flats to assist with running costs. The particular flat on offer was advertised at £3,000 a year, excluding rates but including central heating and hot water.

Flats rarely come on the market, but I was told that serious inquirers could write to the land agent at the National Trust, Polesden Lacey, Dorking, Surrey, to go on a waiting list. Do not forget that the main house and gardens are open to the public at certain times, so one is expected to share some of the delights of this rural setting.

Anyone can join the Trust, for £12.50 a year. For details send large stamped addressed envelope to The National Trust, 36, Queen Anne's Gate, London, SW1, attention Warren Davis.

Brockhampton House in seven acres in Bromyard, Herefordshire, is for sale on the basis of an underlease from Period and Country Houses, which holds a National Trust lease for 80 years from February, 1980.

Christopher Buxton started Period and Country Houses in 1954, and since then has restored some 30 homes, notably Charlton Park, the Earl of Suffolk's family home.

He has already turned his talents to Brockhampton, which was given to the Trust in 1946. He has re-roofed it, replaced the main sash windows with the correct 18th century glazing bars, renewed moulded plaster ceiling and cornice friezes, and preserved massive marble fireplaces with mirrors above.

It remains for a purchaser to carry out internal decoration and fitting, including the provision of bathrooms and a kitchen. Christopher Buxton says he will be pleased to act as a consultant to create "a gracious country house of great character, fitted in a manner appropriate to modern living."

Kevin Mason, Knight Frank and Rutley, 14 Broad Street, Hereford, is looking for an offer in the region of £140,000 for the largest part of the mansion. Another six or seven units encompassing the back of the house and stable will be coming on the market later.

Quite the most unusual National Trust offering is the five-bedroom three-bathroom Portland House, Spanish-style villa in six acres on the cliff-top in Belle Vue Road, Weymouth, with splendid views over the naval base.

Brockhampton House in 7 acres in the heart of a National Trust Estate at Bromyard, 12 miles from Worcester, partly restored by Period and Country Houses. Details: Kevin Mason, Knight Frank and Rutley, 14, Broad Street, Hereford, HR4 9AL (432 273087) who is looking for an offer in the region of £140,000 for the 76-year National Trust lease of part of the mansion.

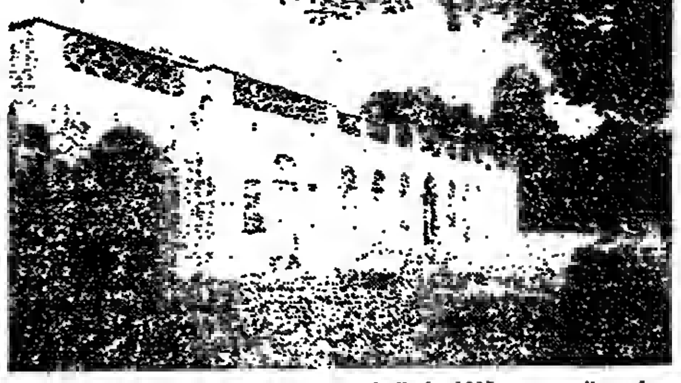
It is said to have been designed in 1935 by Gerald Wellesley, the 7th Duke of Wellington, for Geoffrey Bushby who died the following year. It was bequeathed to the Trust in 1970, but the house was lived in by Mr Bushby's sister, Dorothy, until her death last year. (He was a member of the Royal Geographical Society, and he and the Duke are believed to have been travelling companions on trips to Europe. The Wellington family, of course, bears Spanish titles.)

While the agents, Humberts of Bridport, say that the house is in excellent structural order, it has hardly been altered since it was built, and still has some of the original bathroom, kitchen and electrical fittings, although it has been rewired.

Neither antique nor modern, one might say, and part of the deal for someone prepared to take it on is that nothing can be changed without permission.

Complete preservation is required, says National Trust representative Tom Burr. The idea is that in 20 years' time the place may well be considered of architectural interest and significance rather than an historical curiosity.

The cost of the privilege of caretaking it for future generations to admire is a single premium payment of around £50,000 for a 20-year repairing lease, plus a peppercorn rent of £100 a year. And prospective applicants have to be interviewed for suitability. For those seriously interested, tender documents have to be in by February 17.



Portland House, Weymouth, Dorset, built in 1935 as a replica of a Spanish hacienda, being offered by the National Trust on a 20-year lease in the region of £50,000. Details: Nigel Jones, Humberts, 59, East Street, Bridport, Dorset. (0308 22215.)

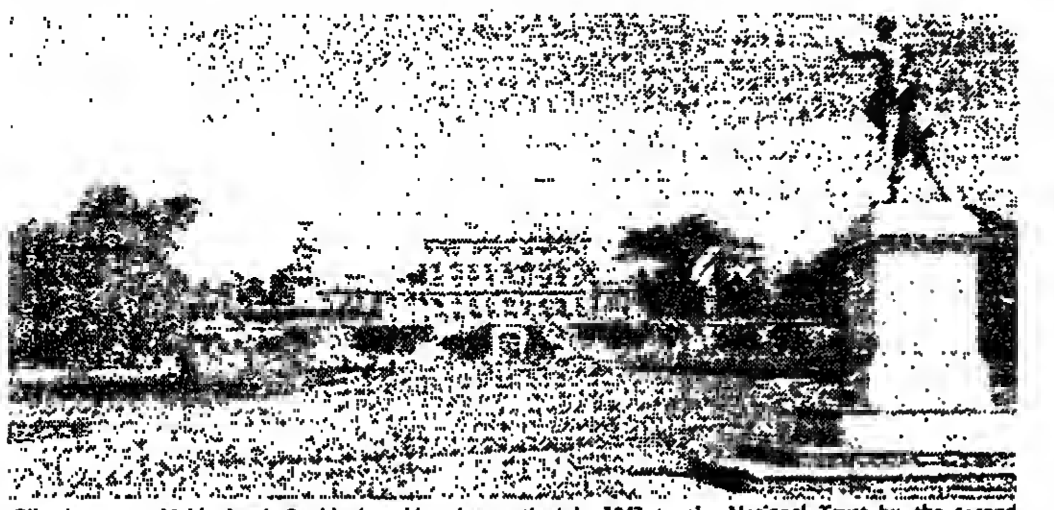
What with the sales of Hever Castle in Kent and the Tarbert Estate in Scotland, the properties of the Astor family have been much in the news over the last year or so.

Now Cliveden in Buckinghamshire, scene of the activities of the Cliveden Set before the war, and given to the National Trust in 1942 by the second Viscount Astor, is available for letting. (Lord Astor died in 1952, but the family stayed on in the house until his son's death in 1966.)

Since 1969 the majestic house set in 375 acres on the north bank of the Thames near Maidenhead, has been let to Stanford University, California. It was used as an overseas campus for 80 students until the campus moved to Oxford.

Debenham Tewson and Chinnocks of 44 Brook Street, W1, is inviting offers for a 25-year lease of the 38,500 sq ft of floor space which is suitable for various commercial, institutional, even residential use. The rent is expected to be at least £80,000 a year, which covers the amenities of swimming pool, tennis and squash courts. The National Trust maintains the grounds which are open to the public from March to December, where visitors can savour such visual delights as the Borghese balustrade, the Roman Fountain of Love, and eight sarcophagi.

Debenham Tewson's Stephen Webster says that five parties are currently interested in Cliveden, for office, educational or possible hotel use.



Cliveden, near Maidenhead, Buckinghamshire, bequeathed in 1942 to the National Trust by the second Viscount Astor, is for rent. Details: Stephen Webster, Debenham, Tewson & Chinnocks, 44, Brook Street, London, W1 (01-408 1161), who is looking for about £80,000 a year for a 25-year lease of the 38,500 sq ft accommodation.

Kasparov is top

CHESS

LEONARD BARDEN

GARY KASPAROV, the brilliant Soviet 20-year-old, has ousted reigning world champion Anatoly Karpov from the No. 1 position in FIDE's official 1984 International Chess Federation rankings. Karpov had been in front since Bobby Fischer abandoned chess a decade ago. New ratings are Kasparov 2,710, Karpov 2,700, then a big drop to Korchnoi and Ljubojevic at 2,635. The veteran, Smyslov, who meets Kasparov in the candidates final in March, is assessed at only 2,600 and the statistical prediction is that the younger man will win their match by around 8½-4½.

Both Britain's leading players, Tony Miles and John Nunn, have at last achieved "super-grandmaster" ratings of 2,600 or better. Miles, 2,610, is equal 13th in the world while Nunn, 2,600, ranks joint 16th with Smyslov. Only a relatively small gap in rating points now separates them from the world's best outside Russia.

This new list provides added interest to the entry for the prestigious Phillips and Drew-GLC Kings tournament at County Hall from April 26 till May 11. It looks likely that Karpov and Korchnoi will renew their long and often bitter rivalry there, while Miles and Nunn have the chance to advance further among the elite.

FIDE's rankings confirm expert opinion that the probable Karpov-Kasparov world title match later this year will be a close struggle between two men in peak form. Following the successful candidates semi-finals in London, there are attempts under way to bring the first half of the title match itself to Britain. Though Karpov, Kasparov and the USSR Chess Federation have all stated publicly that the series will be played exclusively inside Russia, there are private hints that Soviet officials are ready to share the match.

Karpov himself at a recent talk blamed Moscow organisers for misreading FIDE rules and then starting an abortive campaign over the semi-final venues. Settlement payments for restaging the semis in London totalled around $180,000 and are likely to have crippled the USSR Federation's hard currency reserves. Thus a Western part-bid for the title match would ease their financial crisis and would also suit FIDE policy of chess promotion on a global basis.

When Karpov met Korchnoi for the title in the Philippines in 1978, Reuter men estimated that the match had rated more worldwide column inches than any other sporting event of that year. There were similar long and highly publicised sagas when Fischer played Spassky in 1972 and Korchnoi and Karpov had their return in 1981. Karpov v Kasparov, less controversial, should still rate daily coverage for almost two months in virtually every country.

Meanwhile, the carrot for Miles and Nunn is to work up to the coveted No 3 FIDE ranking by the inevitable time that Karpov or Kasparov defends the world title against a non-Soviet opponent. Nunn added a few more rating points to his total at Brighton with this smoothly efficient game.

White: J. Nunn (England). Black: Y. Murey (Israel). Ruy Lopez (CGL Brighton, 1983).

1 P-K4, P-K4; 2 N-KB3, N-QB3; 3 B-N5, P-QR3; 4 B-R4, N-B3; 5 0-0, NxP; 6 P-Q4, P-QN4; 7 B-N3, P-Q4; 8 PxP, B-K3; 9 B-K3, B-QB4; 10 Q-Q3, 0-0; 11 N-B3, N-N5; 12 Q-K2, BxB.

Murey was Korchnoi's aide at Baguio so should know the latest twists in this opening, but Black's plan looks positionally unsound. Here 12 . . . NxN; 13 PxN, BxB; 14 QxB, N-B3; 15 Q-B5! gives White dark square control, while the text soon loses a pawn.

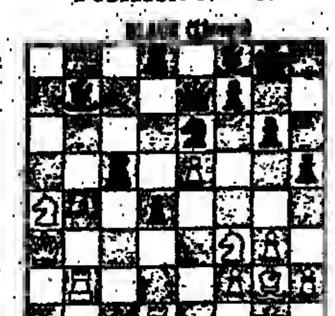
13 QxB, P-QB4; 14 P-QR3, P-B5; 15 PxN, PxB; 16 PxP, Q-K2; 17 KR-Q1, QxP; 18 NxP, BxN; 19 RxB, QR-Q1; 20 QR-Q1, RxR; 21 RxR, P-B4; 22 N-Q4!.

The key to a quick win. If Black was just a pawn down, he could still fight for a draw; but his knight is stranded in white territory.

22 . . . Q-R4; 23 Q-B1, P-B5; 24 P-B3, N-Q7; 25 K-B2, Q-N3; 26 Q-QB5, QxQ; 27 RxQ, R-Q1; 28 P-K6, K-B1; 29 N-B5, Resigns. For White will construct a mating net by R-B7.

POSITION No. 499

BLACK (Timman)

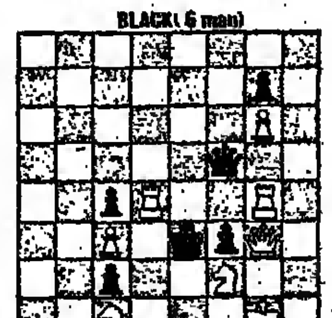


WHITE (Timman)

Timman v. Spassky, KRO Broadcasting match, Hilversum 1983. A game behind, Boris Spassky equalised the score as Black (to play) from this diagram to secure a 5-3 drawn series. How did he do it? The position looks level but it took just four good Spassky moves to make White resign.

PROBLEM No. 499

BLACK (5 men)



WHITE (8 men)

White mates in two moves, against any defence (by B. J. de C. Andrade). With several near misses and traps, this is a test even for experienced solvers.

Solutions Page 22

BRIDGE

E. P. C. COTTER

WE have all witnessed on stage or television or even read in a detective novel, how the hero steals up behind the villain, sticks the stem of his pipe into his back, and tells him to hold up his hands. Convinced that it is steel, not vulcanite, that he feels, the bad guy surrenders, and we have a happy ending.

"Corny," you say. True, but at the same time this teaches a valuable lesson—how to put one over on an opponent who does not know all the facts. Furthermore, it is a useful weapon to employ at the bridge table.

Study this hand from rubber bridge:

N
♠ 7 6 2
♡ 7 5 4
◇ A Q J 8 7
♣ Q 7

W
♠ J 4
♡ K Q 10 9
◇ 4 3
♣ J 10 5 3

E
♠ K Q 10 8 3
♡ 8 2
◇ K 5 2
♣ 8 6 4

S
♠ A 9 5
♡ A J 6
◇ 10 9 6
♣ A K 9 2

South dealt at a love score and bid one no trump, and North raised to three no trumps.

West led the heart King, and South was on the horns of a dilemma. Suppose West had led from a five-card suit—what was he to do? If he won at once and found the diamond finesse wrong, a heart return would mean defeat; if he held up—the standard Bath Coup—the obvious spade switch was likely to be equally fatal.

Came the dawn. He dropped the Knave of hearts on the King and West, scenting victory, continued with another heart honour, which declarer won. The diamond finesse lost to the King, but East had no heart to return, and the contract was safe.

In the same way that Brer Rabbit fools Brer Fox over the briar-patch, South fooled the opening leader by his Counterfeit Weakness. The play is perfectly plausible—the declarer might easily have only two hearts and be holding up in the hope that West had led from a six-card suit.

Here is another illustration, also from a rubber:

N
♠ Q 10 5
♡ Q 9
◇ 8 6 3
♣ K Q 7 6

W
♠ 9 4 3
♡ J 8 6 4
◇ A 7 4 2
♣ 10 4

E
♠ A J 8 7 6
♡ 10 7 3
◇ 9 5
♣ 8 5 2

S
♠ K 2
♡ A K 5
◇ K Q J 10
♣ A J 9 3

With both sides vulnerable South dealt and opened the bidding with two no trumps, and North's raise to three no trumps concluded the auction.

West's short suit lead of the nine of spades struck oil, and the declarer surveyed the position with some misgiving. If he won in hand and found West with the diamond Ace, he would be ruined, for another spade lead would allow East to run enough tricks to defeat the contract. "If only I had another low spade in my hand, I could play dummy's Queen, which is the standard technique in such a situation, forcing East to win. He would then switch to avoid giving me two tricks in the suit. Unfortunately, I have only two spades. But (South suddenly sat up straight) East does not know this."

After this pause for thought declarer played dummy's Queen, the Ace won, and East returned the seven of hearts. Winning this in hand, South played the diamond King. West won at once, but now the declarer was in complete control and collected 11 tricks—two overtricks instead of one down, a reward for his Counterfeit Blocking Play.

هكذا من الاصل

Pre-packaged adventures: **Arthur Sandles** reports

In Captain Cook's wake

WE SAT, four or five of us, linked only briefly over coffee in the transit lounge of Anchorage airport. We were of various professions and heading for various destinations. The conversation turned, inevitably, to travel.

To an outsider it may have seemed a conversation between the blasé and the sated. In fact the reverse was the case. Each in turn admitted to airport excitement—pulses quickened by departure announcements to strange places. In my own case this was perhaps understandable. I was about to catch the KAL (Korean Airlines) flight from Anchorage to Soeul.

The flight, as it emerged, was uneventful: a gentle waft across an ocean that once daunted the bravest—tea served by coyly smiling Oriental maidens while the jumbo jet sneaked its course carefully (I trusted) between Russian and Japanese territory to its own home ground.

Even with these modern magic carpets the age of travel is not dead. A closer look at those old travel books indicates that the weeks and months at sea were not, of themselves, a particularly enlivening experience. Tales of the variety of "on the fifteenth day out of Madagascar we spotted a large white bird . . ." seem to suggest that a convenient 747 would have been extremely welcome to many of those intrepid wanderers.

Evidence of an increasing swing towards that view comes in the form both in the growing number of pre-packaged adventures (a contradiction, perhaps, but more of that later) and the rising popularity of travel books as opposed to travel guides. The sense of excitement is coming back into the travel business.

For many people these days a holiday has to be more than just sun, sand and sangria. Just as the British seaside resorts have, over the years, been losing their custom to the inland areas, so there is a noticeable swing at the top end of the market away from the Costas to the castles.

Serenissima Travel can justly be described as trumps in this particular pack. The company has Viscount (John Julius) Norwich as chairman and Timothy Sainsbury as deputy chairman, and celebrated its tenth anniversary last year, a remarkable success story for a company dedicated to the esoteric. Its 1983 brochure was itself a collector's item. Its illustrations being done by Sir Hugh Casson and its prose as elegant at the strictures of the Trade Descriptions Act would allow. This year Graham Rust has presented a selection of paintings for the brochure.

The highlight — amid escorted tours in the pilgrim route of Santiago de Compostela, excursions to Renaissance Venice and strolls along the Cornish coastline—is a trip in the air wake of Captain Cook.

The Cook trip illustrates my earlier point. The good ships Endeavour and Eagle are replaced by assorted jet aircraft, with the ubiquitous 747 playing a prominent role and the voyages are encompassed in a 29 day tour (price £4,800 with a maximum of 30 people). Cook clearly had an eye for the tourist resorts of the future. Tahiti, Botany Bay, Hawaii and Vancouver feature prominently in the trip which departs in early March.

My own great distress about the journey is that it misses out those parts of the central Pacific which so diverted Cook on his lengthy voyages northwards and which today represent probably the world's most fragile cultures.

Another Cook, this time Thomas Cook the tour operators and travel agents, are involved in something of a celebration next year. In April, 1884 Thomas Cook, the man rather than the company, was called upon by the British Government to transport the entire expeditionary force being sent up the Nile to relieve General Gordon at Khartoum. It was, by contemporary accounts, a colourful trip, and I am not sure that today's Cook organisation means what it says when it promises "to trace as near as possible the experiences of the original Thomas Cook."

The 1984 journey will use two reconditioned Nile cruise ships, a modest diversion from the original which used 28 steamers simply to carry coal, 27 steamers for troops and supplies, 6,000 railway trucks, 800 whale boats and 650 general purpose sailing boats.

If T. Cook today wants to go the full length of recreation of the past then it might be tempted to recall that "boats were smashed in the rapids, tow ropes parted and steamers drifted helplessly on to sandbanks, and men suffered from heat exhaustion and disease."

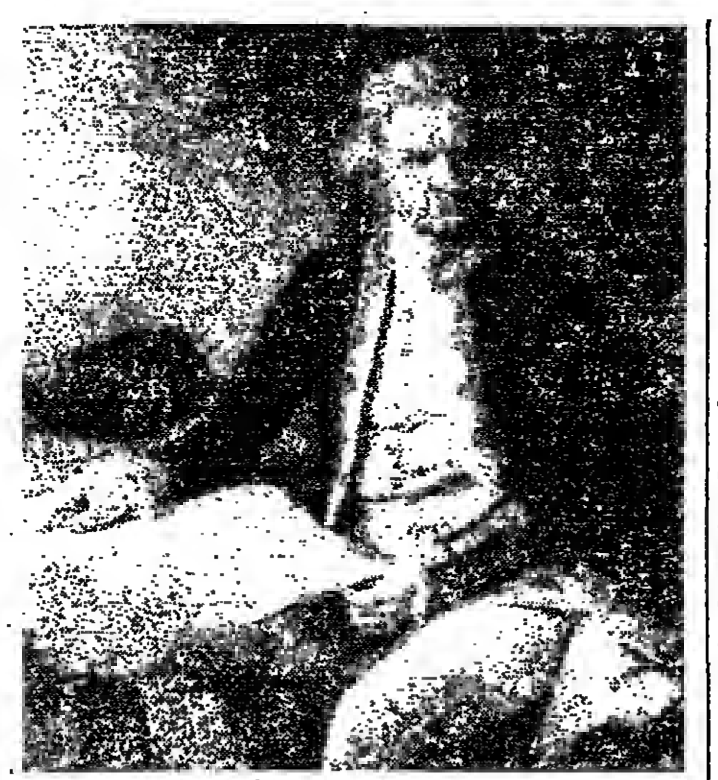
The 1984 trip will, I suspect, be fuller of stories of such happenings than the actual events themselves.

Both Cook and Serenissima tend to accept the fact that the more discriminating travellers these days also tend to be a touch sybaritic. If your tastes are a little more adventuresome, and your pocket perhaps a little less deep the Trailfinders, the Earls Court-based travel organisation, seems to be a natural homing ground. Of the dozens of youth-oriented fun-centred companies that were set up in the '60s and '70s Trailfinders seems to be one of the few that has grown and flourished. It is now 12 years old, a venerable age in its particular line of business.

It would be a mistake to think of Trailfinders as simply catering for the passing trade of blue-jeaned Aussies who doubtless made up much of its early market (Australian young people I was assured recently by a hotelier in Brazil are the only identifiable group of real travellers left in the world). Today the company is involved in trips to most of the remoter corners of the globe. They are particularly strong on planning journeys to the Pacific and south east Asia.

They can also be extremely useful in planning world tours making use of the various round the world tickets. A little over £600 will buy you one with a limited number of stops, and once you pay £1,000 you have a whole string of destinations at your finger tips.

● Further information: Serenissima Travel, 2 Lower Sloane Street, London SW1W 8BJ. Thomas Cook Holidays, 15-17 New Burlington Place, London W1X 2LB. Trailfinders 46-48 Earls Court Road, London W8 6EJ. Swan Hellenic has 29 years of experience in organising special interest trips throughout the world—Swan Hellenic Cruises, Beaufort House, St Botolph Street, London EC3 7DX.



Capt. Cook had an eye for tourist resorts of the future

Testing 4-wheel drives in winter

THERE'S HARDLY been a flake of snow in my part of Kent this winter. I'm not really complaining, but I had hoped for an inch or so during the past few weeks. Just enough to let me test a couple of four-wheel drives in road conditions that defeat normal cars. In the event, it didn't matter.

The cars themselves could hardly have been more different. The Audi 80 Quattro is a four-door, five-seat executive saloon with permanent four-wheel drive and decidedly sporting overtones. Its 2.1 litre, five-cylinder engine produces 136 bhp at 5,900 revolutions per minute. It is good for about 120 mph, goes from 0-60 mph in a shade over nine seconds and gave me 28 mpg over 600 stimulating miles.

Mitsubishi Colt's Shogun is a more conventional kind of 4x4. When used on the road as a car, it may be two or four-wheel driven. For off-road use, there is four-wheel drive and a set of low ratio gears. If that sounds like a traditional Land Rover's specification, I should point out some important differences.

For example, the Shogun has independent front suspension. Its transmission is virtually silent because the transfer box taking the drive to the front wheels is chain, not gear, driven. Its has a 2.6 litre, 103 bhp four-cylinder engine and silky five-speed gearbox. Top speed is 88 mph; at 70 mph on the motorway it is quiet enough for the standard radio to be enjoyed; and I obtained 22-23 mpg on two-star petrol, using it as I would a family car.

In essence, the Quattro 8d is a front-wheel driven car converted to permanent all-wheel drive in the interests of handling and thus safety on the road. It will, of course, pull out of squelching paddocks unaided and cope with farm tracks deep in mud. But that is a bonus.

The ease of driving the Quattro enterprisingly on wet roads has to be experienced to be believed. Full power may be used for straight line acceleration without fear of wheel-spin. On curves, speeds that might provoke moments of drama in front or rear-wheel driven cars seem modest for the Quattro. It corners as though on rails, not on four shoe-sole sized patches of rubber.

The Colt Shogun. For towing and off-roading, but with executive saloon comfort.

MOTORING

STUART MARSHALL

Suspension — and seats — are firm but comfortable. The driving position is excellent, the power steering subtle and the 5-speed gearbox pleasant. Overall gearing is fairly low; in fifth, 1,000 rpm equals 20 mph. In town, the Quattro trickles along unintemperamentally in fourth, even fifth. The engine sounds busy as it approaches the 6,500 rpm red line on the tachometer but one doesn't need to take it over 5,000 rpm. It is as quiet as a typical executive saloon at motorway cruising speeds. Lacking a turbocharger, the 8d can't match the Quattro coupé's sheer performance but I found it an even nicer car. Visibility is better, it has four doors, the boot is larger and at £11,474 it is only two-thirds the price.

A Volkswagen Passat estate with the Quattro 80's mechanicals was shown at Frankfurt last autumn and a Quattro version of the Audi 200 Turbo isn't very far off. Munich and Stuttgart (home of BMW and Mercedes) must be apprehensive. When the Audi Avant, a hatchbacked version of the 100, appears with all-wheel drive, beefed-up suspension and slightly increased ground clearance, I think the Range Rover will also have to look to its laurels.

The Colt Shogun isn't a direct competitor for either Land Rover or Range Rover; it comes in between the two. At £9,498 the Shogun hardtop is a little dearer than the short wheelbase Land Rover County but £3,300 cheaper than the two-door Fleetline model Range Rover. It is much closer to the Range Rover in specification, with power steering, cloth seats, carpeted floors, headlamp wash and rear window wash-wipe, a MW/LW radio, rev counter and automatically engaged and disengaged free-wheeling front hubs.

I rate it an ideal recreational four wheel drive. It has all the muscle needed to pull a two-horse trailer but feels exactly like a car to drive. The steering is light for parking, more positive than most of its rivals when driving on winding roads. The seats are as in the Range Rover class for comfort; brake and clutch pedals need minimal pressure and have been made with normal shoes in mind, not size 13 hob-nailed boots.

A farmer would look at the Shogun and say it was too good, much too fancy inside, for his men to hang around in. Quite. He would say the same of a Range Rover. As a long suffering workhorse, the aluminium bodied, totally rust-resistant Land Rover still has few rivals.

But Shogun is not at that end of the market. A typical buyer might pull a horse trailer, power boat, even a very large caravan and want his tow vehicle to be a saloon car substitute. He—or she—doesn't much care if the body may not survive 25 years of abuse, or if the inside can't be cleaned out with a hosepipe.

They will be impressed that the Shogun drives with a super-mini's ease, is equipped like an executive car and does well over 20 mpg. It has a proper, face-forward, fold-down rear seat and a side opening rear door, on which the spare wheel is mounted. The windows wind up and down, not slide, and the heating/ventilation system is of typical Japanese efficiency.

Should they venture seriously off-road, they will discover there is nothing pansy about its performance — it climbs in and out of quagmires as capably as a Land Rover.

Antony Thorncroft on a bargain short break

The fief of the Dauphin

THE continental airlines are cleverly trying to induce Britons to visit the lesser-known parts of their countries by way of fly-drive holidays in which the cost of hiring the car is lost inside the normal air fare. This can produce bargain short breaks, not least in France which offers such excusions to Paris for £88 minimum and Lyons for £97.

Lyons is particularly appealing not so much for the city itself but for its accessibility to some overlooked regions, notably to the east in the Dauphiné, which stretches into the Alps, and has Grenoble at its heart. Quite apart from its attraction as a skiing centre, for those members of the party who don't ski, Grenoble, a flat city girt round with the most impressive mountains, provides much within the hour for a fly-driver.

It is the variety that is appealing. The morning might be spent at the grotto of Choranche, where an opening hacked into the mountainside gives access to 16 km of negotiable passages where stalactites close on stalagmites and pools of water are illuminated by time-switch controlled spotlight: the afternoon at the abbey of Saint Antony, a village just awakening from two centuries of neglect, with a range of ecclesiastical buildings that includes monks' dusty cells and a church in which medieval wall paintings peer through the plaster. St Antony was a great place for pilgrimage and the treasure contains many bones of martyrs encrusted with jewels.

Equally close to Grenoble is a more thriving religious community, the monastery of Chartreuse. In fact the monastic order is in decline, with just 40 monks left in the vast and isolated mountain monastery. But three of them know the secret of the liqueur which sustains the community, and they go in the caves at Voiron to supervise its production.

The monks are vowed to silence six days a week and do not encourage visitors. Anyone interested in their life can visit a very solid reconstruction of the monastery some two kilometres from the actual site which vividly reproduces their solitary existence. You can also visit the distillery for a tour and a sampling, including the new nut-based aperitif which has been added to the range.

Like much of France the Dauphiné is excellent dining and wining territory. As well as the Michelin favourite, the Pyramid at Vienne, there are excellent meals to be had at Castel'Anne in Voiron. Vienne is a surprise, with some of the best preserved Roman remains in western Europe, including a Temple of Augustus and Livia; a substantial amphitheatre; the Pyramide itself, a column which was used to demark the races in the coliseum of Vienne Pulchra; and the Romanesque church of St Pierre which now houses a museum of the finds that are unearthed almost daily in the town.

Between Vienne and Grenoble is Côte Saint-André which may have lost its medieval ramparts but retains another substantial Romanesque church, an enclosed medieval market place and a most attractive museum dedicated to the composer Berlioz in the house where he spent his childhood. Its charm is its simplicity: the wallpaper the furnishings, the layout are unaltered from the early 19th century, and speak of the austerity in which even the professional classes lived in rural France.

The Dauphiné has always held itself slightly apart from the rest of France as befits its origins as the fief of the Dauphin. As you move across it the Alps get closer and finally engulf you in the sophisticated skiing villages that have grown up in the last decade. You can still stay in Grenoble and reach the slopes in half an hour but few today want to make the effort.

Black powder and sweet soil

THE ARRIVAL of a plastic bag filled with an evil smelling black powder and accompanied by a note saying that it was new soil conditioner shortly to be placed on the market set me thinking about this very important matter. As I sprinkled the powder over a yard or so of the mixed clay and soil I had excavated when making a pool last winter, it seemed too fragile for it to be possible that it would turn that sticky mess into easily workable soil. But then I reflect that I was being unreasonable since other equally non-bulky materials certainly could do just that.

Finely powdered chalk or hydrated lime will do so if applied at rates no higher than one pound per square yard. They do it by making tiny particles of clay and sand run together to form larger granules with sufficient space between them to allow surplus water to flow away. Gypsum, the popular name for calcium sulphate, will do exactly the same thing and, since it cannot make the soil alkaline, it can be used even around lime-hating rhododendrons, camellias and heathers.

Then there are the alginates, present in large quantities in seaweed and extracted from it for various commercial purposes including the improvement of sticky clay soils. Even in quite small quantities they make the soil particles larger and therefore less likely to retain an excessive amount of water.

Maybe my present of black powder was based on alginates but, if so, it must have contained something else as well, probably fish meal, to make it smell so strong. Hellebores have been planted where it was distributed and I shall watch their progress as well as the condition of the soil with interest.

But however good these concentrated materials are, there is considerable satisfaction to be derived from the application of bulky soil conditioners of the traditional kind. As manure is dug in one can actually see and feel the texture of the soil improving. The clods begin to fall apart more easily, the colour of

GARDENING

ARTHUR HELLYER

the soil deepens and one does not need to be an expert to know that one is doing good.

Thanks to the ever increasing popularity of riding as a sport and pastime, stable manure is actually more readily available now than it was 20 years ago but it is not always made with sufficient straw to be of top quality as a soil conditioner. As for farmyard manure it becomes scarcer and scarcer, not because there is less of it but because farmers are fully aware of its value to them.

Though I live surrounded by farms and have to squelch through a smelly farm yard if I take a short cut to the village, it is impossible to obtain real manure for my garden. What I can buy in any quantity I may need, though not always immediately I want it, is spent mushroom compost. This is straw rotted down with the aid of nutrients and though it is not anything like so rich in plant food as stable or farmyard manure, it is every bit as good for improving the texture of soil.

Years ago it used to contain a lot of chalk, visible as sugar-cube size lumps in the compost, but it is a considerable time since I saw them. I am not certain whether mushroom growers no longer think chalk essential or whether they now use it so finely powdered that it cannot be seen. I have tried to check this with a soil testing kit but with no satisfactory result when applied to the compost itself but if applied to the treated soil there is no sign of a rise in alkalinity. Encouraged by this I have used it freely as a topdressing for rhododendrons and camellias and so far have seen no harmful effects, indeed quite the reverse.

Since mushrooms are now purchased in such quantities there must be good supplies of mushroom compost in many parts of the country and I recommend it both for the ease with which it can be handled and its excellent effect on the soil.

These bulky organic materials improve soil texture by several means, some obvious, others less so. The sheer bulk of spongy decaying organic matter when mixed with soil helps air to get in and water to get out. This is what you actually see and feel happening as you dig it in. But, once in the soil, it continues to decay under the assault of both fungi and bacteria and in the process humic acid is formed.

This in turn improves texture in the same way that the alginic acid of the alginates improves it. I have also seen micro photographs revealing the way in which strands of fungus bind soil particles together in tiny parcels and all these things have the same effect in making texture coarser and so more permeable.

Peat and pulverised bark are other bulky organic soil conditioners. Their merits are that they are clean and easy to handle and are widely available, at any rate in small packs. It is rather a different matter if one wants large quantities delivered by the lorry load rather than purchased in bags. For this one needs to live near a peat moor or a large forestry estate but in these circumstances peak and bark can be highly competitive materials.

Both, but particularly bark, will tend to depress the nitrogen reserves of the soil for a time as a lot of nitrogen will be used by the bacteria which bring about the decay of all organic matter. If animal manure is used this extra nitrogen is already there in the droppings and if spent mushroom compost is used it was added to the wet straw when it was being composted.

Neither peat nor bark contain it but it can be added as a chemical fertiliser such as sulphate of ammonia or urea formaldehyde sprinkled over the spread material at from ½ oz to 1 oz per square yard. A few months later, when decay is already well advanced, a little powdered lime or chalk may be necessary.

Ransome's odd voyage

BY RACHEL BILLINGTON

The Life of Arthur Ransome by Hugh Brogan. Jonathan Cape. £10.95. 456 pages.

The children's stories of Arthur Ransome have always seemed the essence of pre-war Englishness. Something between a scouting manual and Wendy's adventures in the Never-Never Land. *Swallows and Amazons, Coot Club, The Big Six* are names from another era. Together with their childish heroes, Roger, John, Susan, Titty, they even suggest the cosier world of his pre-war rival, Enid Blyton.

This image of Arthur Ransome, the man, has grown up quite properly out of a reading of his works. Even his somewhat truncated autobiography, published in 1976, reinforced the impression of a simple country-loving man who cared only for the first appearance of spring buds or the change of the wind from East to West. Yet this Englishman left his homeland in his unformed twenties and didn't return till his forties when he spent the rest of his life married to a very Russian wife.

Moreover, Malcolm Muggeridge, in his autobiography, noted how Ransome gave every appearance of disliking children. He explains this, somewhat Jesuitically, as being the result of Ransome's own deeply childlike nature. Adults only like children, he suggests, because they are different. Muggeridge, who was at one point a close friend of Ransome, also believed that he hated his first wife and was terrified of his second.

Hugh Brogan, in his hefty biography, parades information which suggests there were a great many sides to the Ransome personality, not all of them scout's honour. His love of the Lake District and sailing started during his childhood, although even that was marred by a bad relationship with his father. Schooldays were also unhappy since he was exceptionally short-sighted, a disability only discovered at Rugby.

Escape came at 17 with independence and a writing career in London. Hugh Brogan makes little defence of the books he produced at this time — he had a passion for folk-tales—except for a rather entertaining volume called *Bohemia in London* which describes his experiences in literary garrets. (Now re-issued by Oxford U.P. at £5.95). Unfortunately he also married Ivy Walker, a dramatically unstable and unhappy woman. It was the misery of this marriage combined with a libel suit from Lord Alfred Douglas which drove him to escape again, but this time rather further afield to Russia. He left behind him a daughter, Tabitha who was thereafter more or less lost to him.

Ostensibly he went to Russia

Arthur Ransome with Ivy, his first wife

to collect folk-tales. Indeed in 1916 a volume called *Old Peter's Russian Tales* appeared. (Re-issued by Jonathan Cape at £6.95). Although hampered by Ransome's faux naïve style, the stories themselves are excellent. Meanwhile their author was on to sterner stuff as the Moscow correspondent for the Daily News. Fate had chosen an odd candidate to record the stirring events of the Russian revolution. Robert Bruce Lockhart who later came out as an emissary from Lloyd George and became a friend of Ransome's, recorded this view of his character:

"Ransome was a Don Quixote with a walrus moustache, a sentimentalist, who could always be relied upon to champion the under-dog, and a visionary, whose imagination had been fired by the revolution. He was on excellent terms with the Bolsheviks and frequently brought us information of the greatest value."

This championing of the revolutionary cause gave an admiring editor and the readers of the *Daily News* a first hand look at the great names of the new Russia, particularly Ransome's hero, Trotsky:

My position was immediately behind and above the praesidium, looking down on Trotsky's muscular shoulders and great head and the occasional gestures of his curiously small hands.

Indeed Ransome's future wife, Evgenia, was actually Trotsky's secretary. However as the romantic celebrations of revolution passed into something more bloody and the West less and less inclined to side with the Bolsheviks, Ransome's position became increasingly difficult. A more intellectual or politically-orientated man might have been able to shift his position but that would not have been the 'visionary' Arthur Ransome. It may be that his deep but unavowed disappointment with the Russia he had loved as if it were something out of *Old Peter's Tales* drove him to bury his head in sailing boats and children's adventures.

At any rate he lived through a very uncomfortable relationship with his masters who alternatively invited him to become a government spy or be put under arrest. Nevertheless he and Genia, an enormous woman (known by the Muggeridge children as 'the white slug') settled in the Lake District from where he wrote a weekly column on fishing for the Manchester Guardian.

This form of journalism did not particularly suit him. He was always more interested in books. At last in 1929, the inspiration for *Swallows and Amazons* was provided for him by his sailing friendship with the five Altounyan children, Taqui, Susie, Titty, Roger and Brigit's usual place of residence was Aleppo, Syria. Hugh Brogan remarks that Ransome:

"thought the children charming, in part perhaps, because of their slight touch of Eastern exoticism."

So much for the Englishness! Sadly, in later years, Ransome rejected this connection out of a kind of jealous paranoia for his imaginative power. Other aspects of his character, particularly in dealings with the daughter he had abandoned, showed a less than Baden-Powell like spirit. *Swallows and Amazons* was followed by 11 others in the series. All soon became best-sellers, and not only in England. This was a remarkable performance for the second half of a man's life, particularly since he suffered from extremely bad health, as indeed he had all his life.

Hugh Brogan takes us through to the end where the Ransomes entered a self-destructive and farcical spiral of buying and selling houses and boats. Although in general the author paints a picture of a successful marriage with shared nautical interests, Brogan attributes the curtailment of Ransome's literary career and/or its development into a more adult genre, to Genia's critical response to any work in progress. She tried to stop publication of many of the novels and finally succeeded when he rose above school-children level in the unfinished *The River Comes First.*

It is all a more interesting story than one might suspect with only one question unanswered: do children still read Arthur Ransome novels today? The answer, at least among my children and their contemporaries appears to be no. (Although Jonathan Cape can take comfort in the fact that parents still buy them).

"What's the song they sing at the end of the voyage?" said Susan. Titty began, and the others joined at once, for they all knew it:

"Oh, soon we'll hear the Old Man say, leave her, Johnny, leave her.
You can go ashore and Take your pay.
It's time for us to leave her."

Swallows and Amazons not quite for ever.

Private Hammett reporting for duty 1942—from Diane Johnson's biography of the great American mystery writer

Plenty of dash

BY ANTHONY CURTIS

Dashiell Hammett: Life at the Edge by William F. Nolan. Arthur Barker £9.95 276 pages.

The Life of Dashiell Hammett by Diane Johnson. Chatto and Windus/The Hogarth Press. £12.95, 344 pages.

At Johnson's Grill on Ellis Street, San Francisco, you can have dinner in the Maltese Falcon Room. It is where Sam Spade used to hang out, though the room was not called that then. In 1977 William F. Nolan, screenwriter, author of *Dashiell Hammett: Life at the Edge*, speaker on Hammett's film career at the Hammett Conference, sponsored by the University of California at Berkeley, guide for the Hammett walk through San Francisco "to locations significant in his life and writing," was dining in the MF Room with another Hammett buff, the late Jack Kaplan. By the end of dinner *they* had founded the Dashiell Hammett Society of San Francisco.

The posthumous cult would, I am sure, have amused Hammett. When he died in 1961 his fortunes were again at their lowest ebb. He was still being hounded by the Federal Tax Authorities, who had taken a lien over his royalties when he went to jail for refusing to divulge the name of his fellow Hollywood radicals at the McCarthy hearings. Nasty jibes about Hammett from people like Walter Winchell still occasionally appeared in public. He had ceased to live with Lillian Hellmann, Patricia Neal with whom he had many a lunch, had just married Roald Dahl. He had not seen his ex-wife for years and was only in sporadic touch through the post with his daughters and grandchildren. The typescript of his last work *Tulip* lay unfinished, in the sittingroom of the little cottage belonging to a Dr Rosen where Hammett lived rent-free, alone. His old enemy, tb, had been joined by emphysema, cancer and a couple of heart attacks. His tall, handsome frame was wan and wasted. He no longer drank his Martini of an evening.

In the martyrology of modern literature Dashiell Hammett has an assured place. Like Orwell's his life has the hubristic structure of Greek tragedy. "Call no man fortunate . . ." —if you had muttered that when Hammett was the rage of Hollywood in 1930s (his love affair with Hellmann immortalised on celluloid in the *Thin Man* by William Powell and Myrna Loy) you would have been absolutely right.

Mr Nolan writes about him as a devotee but without sentimentality. He is good on the film work but elsewhere has been handicapped by not having bad access to many of Hammett's letters. Hammett wrote frequently to Lillian Hellmann when they were separated. Diane Johnson was in the fortunate position of being able to use this correspondence fully, in *The Life of Dashiell Hammett*, either in direct quotation, or, more subtly, assimilating it in passages in the historic present — a tense to which this author is much attached.

The upshot is to bring Hammett to life on the page in all his alcoholic fads and foibles more fully than any previous work. The obscure years, the time when he was a Pinkerton operative, a jewellers' copywriter, a pulp author on Black Mask, still remain obscure; but the years of fame and fortune are well *fleshed* out. No-one ever saw through that bitch-goddess, Success, more penetratingly than Hammett.

Sad stargazer

BY NIGELLA LAWSON

The Cannibal Galaxy by Cynthia Ozick. Secker and Warburg £7.95, 162 pages.

Principal Brill is the middle-aged headmaster of his own school (a school of middling reputation) in middle America. A fallen astronomer, his pursuit of the stars has taken on a metaphorical significance, signalling now only his sad lapse into mediocrity.

When Hester Lilt, the brilliant "Imagistic Linguistic Logician," enrols her daughter, Beulah in his school, Joseph Brill sees hope, at last, for recognition for his Dual Curriculum—"the fusion of scholarly Europe with burnished Jerusalem." But mirroring Brill's awesome admiration for the mother he sees only woeful inadequacy in her daughter. Hester Lilt cannot forgive this failure of perception on his part, and her rebuke precipitates disintegration into collapse.

The Cannibal Galaxy is about many things. It is about failure and capitulation, about belonging and not belonging, about Jewishness and non-Jewishness, about loss, insecurity, vision. It is a novel of juxtaposition. As a schoolmaster, Brill believes in hope, renewal, growth ("The world rests on the breath of the children in the schoolhouses" the Talmud reminds him), but this narrative traces his recognition of stasis, of the never-ending sameness of life which reduces it to meaningless routine. Brill himself is a man who counts his losses. ("The void swarmed with nether voids: loss after loss. Many and much.") He has lost himself in the past, the might-have-been. This is what Hester Lilt castigates him for: this locked-in-the-pastness blinds him to originality, bars him from the stars.

Brill's hero, namesake of his school is Edmond Fleg who—

"brings together *all his* visions and sacrifices none. He harmonizes the rosette of the Legion d'Honneur in his lapel with the Covenant on his brow."

This is Brill's ideal and the inspiration for his Dual Curriculum:

"lordly civilisation enmeshed with lordly civilisation, King David's heel caught in Victor Hugo's lyre, the metaphysicians Maimonides and Pascal, Bialik and Keats, Gemara booked to the fires of algebra."

In the Jewish tradition, the novel is one of image and idea. Cynthia Ozick has a pedagogic streak which produces names wittily with accuracy and disparagement. The Enlightenment is reduced to the slogan "There is no God, and the Jews killed him." Cynthia Ozick's writing shows such assured and yet wary greatness that the temptation to quote from it quite without moderation is almost irresistible. We have admired her in the past as a short-story writer poised between the two cultures (Hebraic and Helleric). Now she emerges as a wonderfully witty novelist.

Her language is to be watched, above all, for its perfect structures, tremulously exact; balances of the purest syntactical beauty which buzz with the vibrating stillness of perpetual motion.

Nixon now

BY IAN DAVIDSON

Real Peace by Richard Nixon. Sidgwick and Jackson. £6.95, 107 pages.

Ex-politicians who publish a volume of apologistic memoirs are two a penny, and so, in most cases, are their memoirs. Ex-politicians who produce more than one book are rarer creatures. But an ex-politician who notches up five books in the decade after leaving office in disgrace, and with his fifth volume makes quite an impressive list of an analysis of the problems of American foreign policy—*well, that's something* else.

Ten years ago, Richard Nixon was customarily vilified for the lawlessness exposed in the Watergate scandal. For his own purposes of self-aggrandizement, Henry Kissinger chose in *his* memoirs to ridicule his former boss and patron as a neurotic. But from the perspective of distance, when we are now daily confronted with the chaos and incoherence of American foreign policy under the Reagan administration, it is easy to value the fact, first, that when Nixon entered the White House, he was already immensely experienced in national and international politics, and second, that he had a serious and sober interest in the issues of foreign policy.

His seriousness is immediately apparent in the first sentence of *Real Peace*: "There can be no real peace in the world unless a new relationship *is established between the U.S.* and the Soviet Union." When he was in office, he sometimes toyed with what he called "the madman theory"—that Washington might be able to exert influence over the Russians if it could persuade them that the President could be provoked into doing something quite irrational. Today he states flatly:

"The two superpowers cannot afford to go to war against each other, at any time or under any circumstances."

To most European readers, that may seem a self-evident statement. But it may not be so self-evident in a Washington whose administration has talked drunkenly of nuclear war-fighting, though these days it tends to keep such thoughts to itself. *If I read it aright, Nixon's* book is not intended simply as a detached exercise in analysis, but as a political tract: in part an apologia for the kind of détente which briefly flowered under his presidency, in part a critique of the excesses of Reaganism.

He writes as a loyal American, for whom the Russians are inexorable enemies; as a loyal Republican, ostensibly supporting the present administration; but mainly as an opponent of the excesses of Reaganism.

"To keep the peace and defend our freedom, we need to adopt a policy of hard-headed détente . . . a combination of détente with deterrence. . . If provides a means of peacefully resolving those disagreements that can be resolved, and of living with those that cannot."

To be sure, Nixon does not come up with any magic recipe for *performing* the trick of hard-headed détente, nor indeed with any very novel insights on what the essential ingredients should be; the intractable task of designing a strategy which can contain permanent conflict between the super-powers without the option of war, is made more intractable by the multiplicity of actors and factors on the world scene. Moreover, whether by conviction or calculation of the need to concede something to the Reagan world-view, he is too ready (for my taste) to indulge in manichean cliché.

Nevertheless, his opposition to the "super-hawks" is undisguised:

"Even if we assume that the super-hawks' policy would work and would command the sustained support of the American people, we would still be wrong to adopt it. It is irresponsible for the world's two greatest military powers not to have maximum communication with each other and not to try to negotiate their disputes."

At another point he says:

"*Hope for real peace is* essential if the people of the United States as well as Europe are to continue to support the military strength necessary to maintain the foundation of deterrence on which détente rests. There may be occasional spurts of spending when the threat of Soviet aggression seems acute, but over the long haul the absence of hope for peace fuels the forces of appeasement."

I will not pretend that *Real Peace* is a vastly original book, but it does have *many solid* virtues, even after one has discounted the author's need to reconcile his claim for historical recognition with the demands of credibility in today's Republican Party. It is, by and large, quite remarkably sensible and balanced. It is also courageous:

"It is time to let the people of El Salvador decide whether they will have a better chance to get reform and economic progress under a Nicaraguan- or Cuban-style government, or under one supported and influenced by the United States."

Finally, not the least of the virtues of *Real Peace* is that it is really very readable.

Fiction

Girl grows up

BY ISABEL QUIGLY

Kewpie Doll by Barbara Hanrahan. Chatto and Windus/Hogarth Press. £7.95 (£3.95 p'bk) 156 pages

We love Glenda so much and other tales by Julio Cortazar. Translated from the Spanish by Gregory Rabassa. *Harvill Press.* £6.95, 145 pages.

The Sandman by Miles Gibson. Heinemann. £7.95. 179 pages.

Barbara Hanrahan, Australian painter and author of strongly flavoured novels like *The Albotross Muff*, has a extraordinary presence on the page, a powerful but totally unpretentious way of writing which in *Kewpie Doll* she has raised to a very high level. It is the story, told in the first person, of a working-class girl in Adelaide, born exactly when the war began, and taking her across the 1940s and 1950s until the great and gloomy day when, like many *ambitious Australians* before her, she takes off for Europe. We don't know her name and nothing much happens to her in the sense of dramatic adventure; though plenty does happen, of course, since she grows from infancy to young womanhood and we follow in jerky detail the steps from phase to phase.

The writing changes with the girl's age and understanding, the structure of its language developing as she develops; yet so subtly you scarcely notice at the time of reading. Only later is it clear how the staccato infantile sentences have lengthened and meandered into the adult prose of the art student, still ingenuous but much more exact, self-aware and sensual. The book is short, the writing, on the face of it, simple, the story non-existent in the sense of plot and action; but so much is packed into it, so strong and appealing *is* the eye that sees (a painter who uses words like this is rare), that, like a small, detailed picture, it seems to draw one into it.

One of the fascinations of Latin American life—at bourgeois not Third World level—is its mixture of worldliness and violence, of frivolity and ferocity. Argentinian life in *particular*. Julio Cortázar, though born in Brussels and based in Paris, is Argentinian and very good at the *dolce vita* of Buenos Aires, where canasta and social ease are made possible by servants; interrupted, though, by upheavals, by macabre, almost ghostly interferences of the established order. At a personal level, a highly placed married woman finds the lover (perhaps husband?) she arranged to have killed five years before turning up as the nanny's boy-friend; at a political and more broadly human one, the *desaparecidos* (now, in "real life," so hideously disinterred) are described in all their horror, the more gruesome for their ordinariness, their everyday bourgeois respectability and the formal, bureaucratic way in which such things as hands chopped off (to avoid identification, presumably) are described.

Cortázar is an original writer, circuitous and powerful, as novels like *Hopscotch* have shown. His scene is international, the ten stories in *We love Glenda so much* (Glenda being a film star, identification isn't difficult) are set in all kinds of places, Buenos Aires, the Dordogne, Martinque, various unnamed parts of Latin America. *His method is to* keep tight control over a world in which, just below the surface of charming, sophisticated social life, lies the unfaceable and unmentionable: murder, torture, rage, mayhem. At the centre of it, the narrator's voice is civilised, the main characters are eminently knowable and even nice, but the ice *they walk on is thin, and in its* glassy surface their reflections slither, twisted and a little askew.

The Sandman, Miles Gibson's first novel, is the *diary of a* mass murderer who tells the police about himself and is promptly eliminated from their inquiries since they are looking (they tell him) for a black man with a wife and two children and he is a white man and single.

Murder of his sort is just another form of conjuring (or so he comes to feel), masterly, large-scale sleight-of-hand. *The Sandman* is compelling and talented, readable and promising, but not powerful enough to shock.

From dawn to dusk

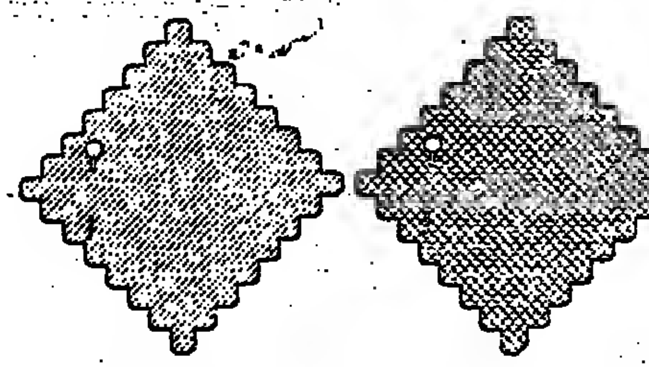
WITH temperatures outside plunging and reports of yet more snow to come, it is consoling to discover that the continuing liveliness of our home-grown knitwear means that we can be wrapped up in style from dawn to midnight.

For country weekends or hanging about waiting for buses or trains that don't quite come when they should, here is a glamorous way to keep out the chill and cheer up the day. Shown left is a ruched batwing Shetland sweater, called Harlequin by Bill Baber, in an arresting design of black, white and grey diamond shapes. Available in small, medium and large sizes it costs £65 and you can find it at Fenwick, New Bond Street, W1; Primavera of Cambridge; Sheepish Looks of Bristol and Edinburgh.

Photographed right is a sweater for quite another sort of occasion—in black cashmere with a plunge cross-over neck and embellished with beads it could be worn to the grandest of evening events.

Needless to say luxury on this scale doesn't come cheap. Designed by Hillary Rohde it can be ordered from N. Peal, 37 Burlington Arcade, London W1 for £195.

Material Needs



NOW that fancy designer fabrics have risen to astronomical prices, it is good to know that there is a newly-established shop whose sole aim is to supply those beautiful old, traditional fabrics, whose charms have perhaps been overshadowed in recent years by the flashier arrivistes.

In a beautiful newly-restored 200-year-old building in Primrose Hill, Ian Mankin sells a constantly changing selection of well over 70 different fabrics in many textures, widths and colours. If you've ever wondered how to get hold of traditional ticking (the striped fabric often used for covering mattresses) or unbleached calico Mankin's shop at 109 Regents Park Road, London NW1 is just the place.

Don't however ask him what the fabrics are for — almost all of them have two or three different uses at least. Mattress ticking at a mere £2.30 a metre can, for instance, be used for curtains, upholstery or dress-making. Then there is butter muslin at 60p a metre — besides being used for draining butter or cream cheese one of Ian Mankin's recent customers used many metres to give a lush, draped curtain, strung simply over a pole.

The linen scrim at £2 a metre can be used to make effective transparent curtains (much, much nicer than those nylon net curtains) but it also makes a splendid duster or polishing cloth.

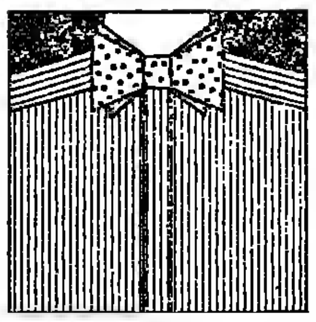
There is corduroy at £2.50 a metre (use it for upholstery, heavy curtains or to make your own cord trousers) and terry towelling at £3.60 a metre, washable, shrinkproof and colourfast in seven different colours.

Ian Mankin, still has a foot in the leather trade and knowing how thin on the ground leather merchants are he decided to offer customers skins for making up belts or skirts. There is also a small range of sewing silks.

If you possibly can, do go along to the shop—there you can see the full range of what is on offer and ask for personal advice on the suitability of the fabrics for what you have in mind. Some of the fabrics, for instance, are not pre-shrunk so you will need to check, if you are going to use it for anything that will need washing.

Out of London readers who are interested in any of the fabrics should write to Ian Mankin (or telephone him on 01-722 0997) and he will do his best to describe the materials and send a swatch or two if necessary.

A Shirt Tale



Pauline Rosenthal

THE shirt (with its close companion—the tie) is to the Englishman's wardrobe what bright plumage is to the drake—his main means of catching the eye, of indulging in a fanciful taste for colour or pattern.

The time-honoured, classic place for the gentleman to shop for his shirts is Jermyn Street in London — there, jostling cheek by jowl for attention, are some of the finest shirtmakers in the world.

However, not everybody can afford the luxury of a made-to-measure Jermyn Street shirt. In recent years, as city rates took on a vertical upturn, a few companies have set out to offer shirts that are almost as good but at prices that are significantly lower.

This they do by operating a mail order service (which means low rent and rates) and by offering a very large range of standard sizes—large enough to cope with almost any male shape.

Take James Meade shirts, for instance. He offers a selection of 16 patterns, three styles and 29 sizes. There are five different sleeve lengths offered for each colour size.

He uses fine Lancashire cotton poplin for the city-style shirts and blended wool and cotton for country ones. You can have double cuffs or single (and if and when they begin to show signs of wear they will, for a small charge, renew them). Collars may be attached or detached.

The shirts cost either £22.50 or £25. For a free full-colour leaflet write to: James Meade Shirts, Freepost, London SW9 or telephone 01-274 7760.

The Shirtmaker's Guild (7 Couch Lane, Devizes, Wiltshire) offers a very similar service. Again it hopes to give almost an exact fit by offering a wide range of standard sizes which can be adapted (by means of tucks) to suit almost everybody. It, too, concentrates on an understated, classic style. For the city shirts it uses 100 per cent cotton poplin, for the country ones a blend of 20 per cent wool and 80 per cent cotton. Prices are slightly lower—£19.50 each and if you order three, you will get them for £18.50 each. If you don't like them when they arrive, the company offers a full refund if you return them within 30 days. Write to the above address for a free brochure.

Bed Linen by post

IT COMES as no surprise to me to discover that the most sought-after bedlinen these days is plain, old-fashioned white. After decades of American-style coloured linen, it seems so refreshingly simple, so easy on the eye and you need never have to bother about whether it clashes with the wallpaper.

For those for whom nothing but the best will do there is nothing to beat linen—but a set of linen sheets these days is hard to track down and when you do you almost need to arrange a mortgage (current prices at Harrods, for instance, of a pair of double size linen sheets is £195). Second-hand linen can still be tracked down in secondhand shops specialising in antique linens though they will often come with a grand set of somebody else's initials embellishing the corners.

If you quail at the thought of the laundry bills or the effort of ironing linen yourself, 100 per cent cotton is, in my view, the next best thing.

Peter Reed is a Lancashire manufacturer who produces a whole range of bedlinen, all of it made from 100 per cent Egyptian cotton.

He has a small full-colour mail order leaflet which illustrates all his styles but he reports that the most popular line of all is the sheet and matching Oxford-style pillowcases, in white, with a double row of cording. Plain, simple and classic, it takes a lot of beating.

Though white is increasingly the most popular colour, Peter Reed offers the same simple design in pale mustard (with brown cording), pale pink (with deep pink cording), pale blue (with dark blue cording), pale yellow (with dark yellow cording) and mint green (with dark green cording). Newly added colours to the range include grey/burgundy, tan/navy. He makes them in five different sizes from a small single to the size to fit beds 7ft wide. At prices ranging from £31 a pair for the single size, to £79 a pair for the size to fit a 7ft bed they are not cheap but they are excellent quality. Pillowcases are £8.50.

For those who still hanker for something a little less austerely simple, he offers five other styles in a variety of different colours. There are sheets and pillowcases with scalloped edges, there are some embellished with clusters of daisies and others adorned with heavily embroidered lace borders.

All the linen is British-made in the company's Lancashire mill. All can be bought by mail order—write to Peter Reed Textiles, Springfield Mill, Placko, Nelson, Lancashire for the full-colour leaflet enclosing a large sae.

Business is Blooming

Bunches

Picture by Trevor Humphries

MOYSES STEVENS, Interflora, Pulbrook & Gould watch out—young Sarah Clarke is hot on your heels. Her company "Bunches" was started just nine months ago yet already she is talking of expanding, of going nationwide and any moment now she is moving her business into the back of a warehouse in Covent Garden.

Sarah (above right) started her business with the time-honoured ambition of those who hope to follow in the steps of the big boys—she'd make her niche by trying harder. With two vans, one assistant and a part-time job in interior designing, she has made quite a mark.

She knows well that the big boys have to charge higher prices because their overheads are steeper. She herself keeps a close eye on what they're up to and she reckons mostly they put on a mark-up that starts at about 200 per cent, whereas she can manage nicely on between 100 and 150 per cent.

She runs a 24-hour answering service so that anybody who finds out at 10 o'clock at night that they need to send flowers the next day can ring up with his/her request—no matter where she is Sarah is alerted by her bleeper that an order has been placed. Many of her customers have monthly accounts with her but otherwise you can order by phone and pay with an Amex or Barclaycard.

Many of her customers have standing orders—for instance, if they go regularly to the country for weekends, they will arrange that unless she hears to the contrary, fresh flowers will be delivered to the London flat or house every Monday or Tuesday. She will also take care of all important birthdays and anniversaries—some of her clients just give her all the dates at the beginning of the year with details of the messages they wish to send and then they can relax—Bunches takes care of the rest.

The flower delivery service is for the moment limited to central London but if business goes on being so good, she hopes to be able to offer the service throughout the country in the next six months.

In the meantime if anybody else has ideas of following in Sarah's footsteps let me remind them what it takes—Sarah goes to Covent Garden market twice a week at about 4 am, three mornings at about 6 am. And then in the evenings there are the arrangements to do for the large receptions, dinner parties and conferences. "Yes," she says. "I do get rather tired but Covent Garden at that time of the morning is sheer delight—never a grumpy face, always smiles all round."

If anybody wants to try out Bunches, the telephone number to call is 01-584 1008.

Dons' Delights

THOSE candidates who have turned up winning tickets in this year's lottery for places at Oxford may have started wondering what ordinary life will be like when they get there in October. Food varies a lot from college to college: only Hall at Merton is reputed to be in serious contention for a rosette in the *Michelin Guide*. The Senior Members of most colleges still dine—unlike their counterparts in the United States—apart at High Table, or at home.

A useful insight into their menus is provided by *Don's Dinner* (Vanity Press, £5.95, available from Hatchard's, Piccadilly, London, W1, or Blackwell's in Oxford), a paperback by Marcelle Quinton. Among her recipes, Lady Quinton, a sculptor of philosophical heads, includes one for Trinity Cream which emerges as simply our old friend *crème brulée*.

"Commem Balls, picnics, strawberries, punting and life stretching ahead like an endless summer day is conjured up with this evocative dish," she says of what she calls an "18th century dish of obscure origins." But was it not—perish the thought—invented at Trinity College, *Cambridge*?

Anyhow, native to Oxford is Trinity Salad, attributed to R. W. Raper, vice-president of the college before the First World War. It contains garlic vinegar and a bunch of chopped spring onions and is presumably not to be eaten before taking your girl friend out on a punt during one of those endless summer days.

Anthony Curtis

Violence in vision

The latest programme in Radio 3's series *Medium and Message*, last Sunday, dealt with the fashionable problem whether violence on television (to which we now add "video-nasties") caused aggression in young people. The only conclusion I made from the assorted conclusions presented by different researchers, mainly in America, was that there was no firm conclusion. Some found little effect. One found an increase of 49 per cent, though it wasn't clear to me how this was measured or over how long a period. The most alarming factor in the programme, organised by Dr Michael Tracey of the British Film Institute, was to hear about the methods of measurement.

For example, films are shown, some of them involving rape, some just straight sex. The researchers measure the "physiological reactions," of the kind suggested in Kingsley Amis's novel *Jake's Thing*. Potential rapists show bigger reactions to the rape-type films. If this kind of experiment were to be carried out on dogs or cats, there'd be a shout of protest from animal-lovers, but it may be that on humans the experiments, far from being cruel, are rather pleasurable. To me, I have to say, they suggest the most unattractive facets of imaginary civilisations invented by Aldous Huxley, H. G. Wells and that other chap everyone's talking about this year.

They are, however, interesting in a radio context as well as in a television context, if

RADIO

B. A. YOUNG

only in a negative way. Why are there, why have there never been as far as I know, any horror plays on sound? It's not enough to say that this is because radio is so closely controlled by the BBC; even if you don't take the ILR stations into consideration, there are the Americans, and it's they who produce the majority of the nasties. Yet radio is never to my knowledge either dirty or brutal. To say that this would not be practical is to ignore the effect that unsought telephone-calls, with a variety of unorthodox messages from heavy breathing upwards, have on the recipients. It would be easy to devise programmes that would send late-night listeners into hysterics. But the worst we get are either conventional ghost-stories or intellectual twisters designed to upset the stability of our mental world.

One of the latter was Radio 3's Thursday-night play *The Old Markers Don't Work Any More*. This was a Kafkaesque two-hander by James Douglas, in which a successful writer in some totalitarian country was subjected to a series of interviews with a calm official interlocutor who contrives, by asking what seem like simple questions, ("What did you do yesterday?" "Does your wife read your work in progress?") totally to disorient him. I thought this a most chilling play, with a particularly chilling conclusion. It was chillingly played by Tony McEwan as the writer and Alan Dudley as the official, who sounded as if he might have just called from the Post Office. Robert Cooper directed.

The Monday Play was, as usual, the best I heard in the week—*Chota*, by Jean Binnie, her first play incidentally. "Chota" is the young daughter of Fa and Munna (her world is seen through her consciousness), who live in what they call the "outbacks" of India at the end of the war. Chota is devoted to the bearer and the 18-year-old ayah in the household, but regards her parents with respect but little affection. There is tension between Fa and Munna; he suspects that Edward, their first child, who died young, might have been the son of his brother Christopher, the one everyone admired.

The play is written with outstanding clarity and understanding, and it was beautifully acted, by John Shrapnel and Maureen O'Brien as the parents and Annabelle Alnyon quite splendid as Chota. Martin Jenkins was the director.

She Belongs To Me, by Rob Gittins, Saturday afternoon's 30-minute Theatre, had hardly enough in it to last 30 minutes. Freelance writer James falls in love with freelance writer Elizabeth, who grants him occasional indulgences but varies them with long spells of indifference. He writes a short story as a love token, but when he gives it to her she gives it to her little girl as drawing paper.

Still, it has nicely-drawn characters, nicely played by Paul Copley and Sally Edwards. Elspeth Davie's story *Bulbs*, read on Sunday on Radio 3 by Finlay Welsh, has nothing in it at all but a suggestion that bulbs may either grow in the garden or radiate electric light.

The Real Thing at home and abroad

The real news about *The Real Thing* is that Broadway's hottest ticket has already attracted more box office money since its January 6 opening in a comparable time than did *Cats*, writes Michael Coveney. It is a serious romantic comedy by Tom Stoppard and therefore less expensive to produce than a musical. All involved will, very soon, be very rich. Jeremy Irons of *Brideshead Revisited* and *Betrayal* fame has, in the role of Stoppard's semi-anti-hero playwright Henry, achieved the overnight career status of Richard Burton a couple of decades ago.

Jeremy Irons at the Plymouth Theatre on Broadway may sound a very far cry from Paul Shelley at the Strand Theatre in London's Aldwych. But Shelley, who has taken over the role previously occupied by *Nicholas Nickleby* star Roger Rees, is providing a quietly stellar performance in a play that continues to fascinate, beguile and amuse the West End. Playing opposite the intriguingly attractive Susan Penhaligon, Shelley, with his centre-parting and bulky honesty, provides a credible heterosexual element I do not recall from the delicate sword-play of Rees and Felicity Kendal in November 1982.

You can't buy a ticket on Broadway, but the upper circle of the Strand was closed on Thursday night. This state of affairs is ridiculous, for *The Real Thing*, even though I do not count it among the best of Stoppard's plays—by which I mean it is not brilliant or characteristically dazzling after the manner of *Jumpers*—is probably the most important.

I apologise instantly for this doom-laden adjective, but a second viewing of Peter Wood's production, sleekly designed by Carl Toms, confirms the initial impression that those small tics attendant on grand passions have not been better written about for the stage in recent years, even by Pinter.

The artist criminal Brodie is somewhat diluted in Neil Daglish's takeover performance, with the result that the personal bargains, rather than the ostentatiously social ones, are

Jeremy Irons and Glenn Close: breaking records

memorably struck.

The play is also about other major issues: musical snobbery, beautifully resolved in a conjunction of Albinoni and Procol Harum; the artificial presentation of feeling, "committed" or otherwise.

I enjoyed very much, again, the jokes about Duragel, interiors, TV studios and cocktail dips. At the Strand, Judy Geeson and Richard Warwick start the ball rolling effectively, if a little crudely, as the secondary couple. But Shelley — who does not have the inbuilt advantage of being any kind of star — is soon setting the play on its proper and continuously surprising course.

There is always, it seems, a written script coming between the characters. That is one of the play's major jokes I had lovingly missed before. Stoppard, whose tone of voice remains civilised and sympathetic in an inimitably entertaining way, can send up himself, his characters, their efforts, and his all, it appears, in the same breath. He writes good theatre and, simultaneously, questions its value. Meanwhile, in sold-out New York . . .

*

The achievement of Tom Stoppard's *The Real Thing* on Broadway (at the Plymouth) that might be missing in London is to mock the ordinary standards of popularity and still be popular, writes Frank Lipsius. The play raises intelligence to the level of chic and is also cruel to those whom Henry, the acerbic playwright played with aggressive energy by Jeremy Irons, finds boring.

Dazzling in its clever chat that weaves two of Henry's works into the complications that infest his own life, the play retains the urbane haughtiness of the London production.

What seemed much more an ensemble production in the West End has turned in New York to a study of the brilliant and hopeless Henry. His combination of sentiment and cleverness gave vulnerability a chance to wriggle out from beneath his snobbery and condescension, exciting the audience to cheer for an utter rotter with a heart of gold.

Irons is oddly young to have a teenage daughter, especially compared to his wives, who, too, seem young but more believable as a generation above the adorable Cynthia Nixon as Debbie. Ever since playing Garp's mother in the film *The World According to Garp*, Glenn Close has been typecast as a young old woman (or an old young woman). The part of Annie returns her to being an attractive woman of her own age, but rather than explore the seductiveness of the role, she prefers being a curious innocent who loses consistency as she breaks up two marriages and expects sympathy.

Christine Baranski as Henry's first wife has the worst trouble with accent, as though Henry had married an American, but the play itself overwhelms its irritating limitations, for even in a Bronx delivery, Tom Stoppard's words would sound witty and wonderful.

Fine tuning

"I will not seeng at de Metropolitan hopera" proclaims Luciano Pavarotti in *Yes, Giorgio* (MGM/UA). And thereby hangs the tale of his first all-singing, all-grinning, if not all-dancing, feature film.

Malicious rumours abound that the Italian super-tenor's delay in entering the movie business has been because of Moviedom's difficulty in finding a sufficiently wide-angle camera lens. But here is Luciano, pasta-inflated bulk and all, and it's an arresting experience. The Falstaffian girth is carried about with careless buoyancy, and the high Cs are exuberant enough to rattle your glassware.

Yes, Giorgio floundered at the box office in America and has come into the big screen completely in this country. But despite flimsy direction and a plot of fair lunacy, it's not as bad as that, being full of incidental fun and some splendid vocalising. Pavarotti plays famed Italian tenor "Giorgio Fini," whose U.S. concert tour is interrupted by a love affair with throat specialist Kathryn Harrold. The beauteous tonsil-tender arrives to cure his habit of seizing up right in the middle of an "e di pensier," and she stays on to cure both his Casanova yearnings and his terror of the New York Met: a place he has boycotted ever since an on-stage fracas years before. The film ends with him girding up his tessitura and treating the Manhattan first-nighters to the deafening "Vincerò" of "Nessun dorma."

Every actor but Pavarotti is in a fair amount of trouble in this film. Eddie Albert as the hero's manager has to say lines like "If he doesn't play the Met again he'll knever be *whole*." There are a pair of painfully unfunny knockabout Chinese servants and a distressing custard pie scene in a kitchen.

But Pavarotti doles out more charm than one can altogether resist. One moment he's plying the incredulous nun he's given a lift to in his limousine with "Una furtiva lagrima" (surely the first Donizetti sing-along in Hollywood history). The next moment he's casually telling his *inamorata* "I'll take you for a glass of wine," at which we cut from luxury bedroom to luxury balloon as Giorgio and his lady friend are discovered flying over the Napa Valley heading for a suitable vineyard. Norman Steinberg wrote this dotty but disarming farrago, and Franklin (*Patton*) Schaffner directed.

Musicals are currently pouring out of MGM's video department, whose new Classic Collection series features such high-voltage Hollywood shows as *Kiss Me Kate*, *Silk Stockings*, *Showboat*, *Les Girls* and *Brigadoon*. The first is especially to be commended. *Kiss Me Kate* is Cole Porter's tuneful revamping of *The Taming of the Shrew*, in which 16th century Padua is alive with the sound of "Wunderbar" and "From this moment on." Don't be alarmed by the habit Howard Keel, Kathryn Grayson, Ann Miller and company have of throwing things at the camera (from ale tankards to banana skins); this is because the film was originally made in 3D.

Silk Stockings has Fred Astaire footing it fleetly around Cyd Charisse in another revamp, of the film *Ninotchka*.

VIDEO

NIGEL ANDREWS

Showboat has Ava Gardner, Howard Keel and "Ol' Man River." And *Les Girls* has three leggy damsels—Mitzi Gaynor, Kay Kendall and Taina Elg—in search of musical stardom, aided by manager Gene Kelly; not to mention composer Cole Porter and director George Cukor.

Brigadoon was entirely new to me; a gap in my movie upbringing no one has previously taken the trouble to breech. Though there are some unnerving aspects which might explain why—not least Cyd Charisse with a Scottish accent—Vincente Minnelli's direction is both stylish and bewitching: and the Disneyland-Scottish studio landscapes, swirled with sudden mists, have a real picture-book charm. MGM's copy, of this as of the other films, is exemplary.

A last, brief and regrettably warning word about the new Penguin Video Book. This guide to "over 3,500 programmes from feature films to sports and hobbies" suffers not only from the unavoidable drawback of almost instant obsolescence—new titles crowd into the catalogues every day—but it's poorly written to boot. Entries begin monotonously with "This film is" or "This tells the story of," and assessments are confined to plot or subject outlines with no indication at all as to such matters as performance, style, pacing or originality. Neutrality can sometimes be a virtue, but here it's like reading a glorified grocery list.

Race to save Old Master

BY ANTONY THORNCROFT

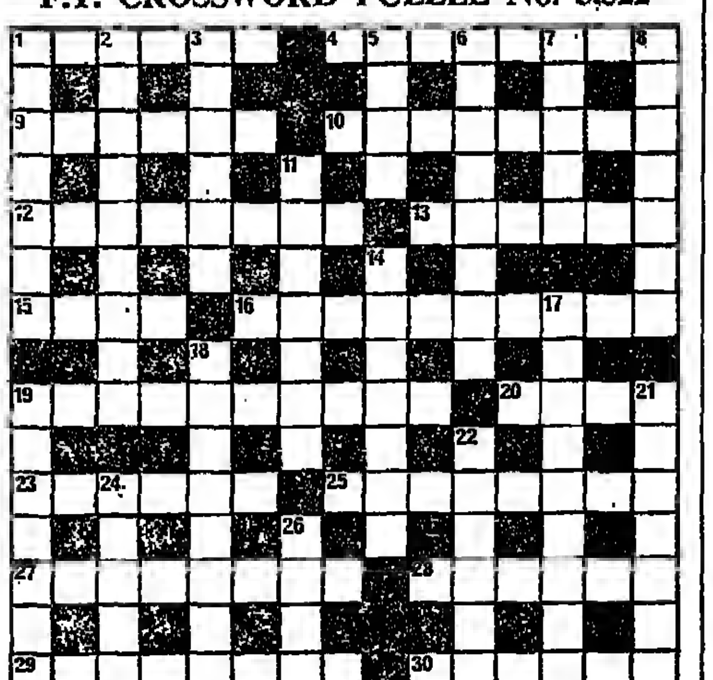
The National Art-Collection Fund is to make the biggest donation in its 80-year history, £500,000, in an attempt to keep in the UK the painting by the Sienese Master of the Crucifixion which has been bought by the Getty Museum for £1,798,000.

The Minister for the Arts, Lord Gowrie, placed a seven-month export ban which expires on July 16 on the painting and now the race is on to collect a sum equal to the Getty offer. The NACF's contribution will encourage the City Art Gallery Manchester to push ahead with its determination to obtain the Crucifixion and a public appeal for funds is imminent.

The painting, which has been attributed to Duccio, has been in the country for over 160 years, first owned by a Manchester family and then by the Earls of Crawford who sold it at Christie's in 1977 for £1m to a mystery buyer. The identity of the owner will have to be made public soon because if he is a British resident, and the Manchester Gallery obtains it, he will have a tax saving of £240,000, and the price will come down by that margin.

The NACF is making a bold gesture, for its contribution will come out of its capital, currently running at £7m. It will hope that other institutions, like the National Heritage Fund, will also help, but the Fund's resources are heavily committed to its attempts to save country houses like Calke Abbey and Kedleston.

F.T. CROSSWORD PUZZLE No. 5,322



A prize of £10 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10 Cannon Street, London EC4P 4BY. Winners and solution will be given next Saturday.

Name ....

Address ....

....

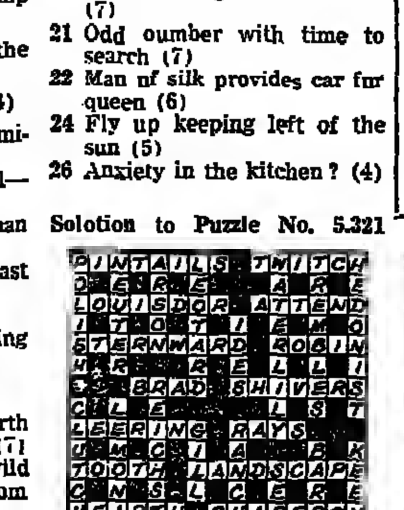
ACROSS

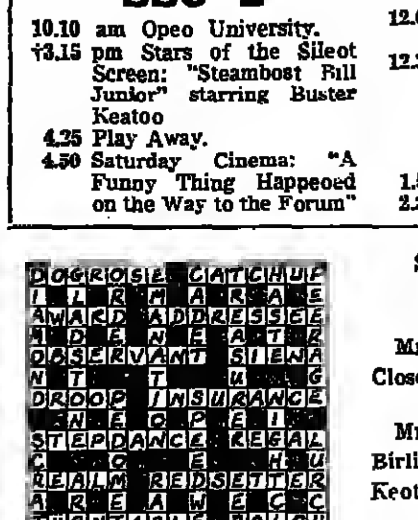
1 Boy wanting to live, without harm (6)
4 Beater, for example, on the Great Western with his king (3-5)
9 Composer, 19th century, Pole—composer, 20th century, Austrian (8)
10 Gusts of snow bring disease to unruly riser (8)
12 One of the family of Doctor Who, perhaps (8)
13 Sort of family that's driven apart? (3-3)
15 Anglo-Catholic on drugs? (4)
16 Fight for alternative in first stage of parachute jump (4-3-3)
19 Layer in wall where the *going's soft*? (4, 6)
20 River causing erosion? (4)
23 Capital doctors are intimidating (6)
25 Postscript to commercial—stop in mud, put back (8)
27 Send down about Pope's man (8)
28 Poetic land of isle and coast (6)
29 Refuse to reduce? (4, 4)
30 Cooker point with grating (6)

DOWN

1 Some Harrison Ainsworth in place of the Brontes (7)
2 Moslem princess eating wild bulb that protrudes from mouth (6-3)
3 Try air, perhaps, of very low frequency (6)
5 Cheek: note, the whole . . . (4)
6 . . . number pay court in writing to Artemisia (8)
7 On the flanks of haemophilia cases (5)
8 Bird finds piece of string in bottom of boat (7)
11 Say sun rises on infernal lake (7)
14 Stay where journalists come in, in the medical manner (7)
17 Tale can do damage, depending on it (9)
18 Dog's tail in cat food? No one could foresee it (3, 2, 3)
19 Fault finding tired me out (7)
21 Odd number with time to search (7)
22 Man of silk provides car for queen (6)
24 Fly up keeping left of the sun (5)
26 Anxiety in the kitchen? (4)

Solution to Puzzle No. 5,321





† Indicates programme in black and white

BBC 1

6.35 am Godzilla. 9.00 Saturday Superstore. 12.12 pm Weather.
12.15 Grandstand, including 12.50 News; Rugby Union Preview (12.20); Football Focus (12.30); Racing from Haydock Park (12.55, 1.25, 1.55); Boxing (1.10); Cricket (1.40, 2.10) Highlights from Wellington on the second day in the First Test between England and New Zealand; Rugby Union (2.20) commentary on Wales v Scotland from Cardiff Arms Park; Rugby Union (3.55) from Parc des Princes, Paris—France v Ireland; Ski-ing (4.15) from Kitzbuhel; Final Score (4.35)
5.05 News.
5.15 Regional variations
5.20 Jim'll Fix It
5.55 The Little and Large Show
6.30 The Action Film: "Return of the Gunfighter" starring Robert Taylor
8.05 The Les Dawson Show
8.35 Bergerac
9.25 News and Sport
9.40 Wogan with Norman Tebbit, MP, Julie Walters
10.30 Saturday Late Film: "The Reivers" starring Steve McQueen

REGIONAL VARIATIONS — —

Wales—5.15-5.20 pm Sports News Wales.

Scotland—5.15-5.20 pm Scoreboard. 10.30 Sportscene. 11.00-12.45 am The Late Film: "Brass Target" starring Sophia Loren, John Cassavetes, Robert Vaughn, George Kennedy and Max Von Sydow.

Northern Ireland — 12.15-5.05 pm As Grandstand except: 1.55-3.30 Rugby: France v Ireland from Paris. 3.30-4.15 Rugby: Highlights of Wales v Scotland from Cardiff Arms Park. 4.55-5.05 Northern Ireland Results. 5.15-5.20 Northern Ireland News. 12.15 am Northern Ireland News Headlines.

England—5.15-5.20 pm London—Sport; South West (Plymouth)—Spotlight Sport; All other English regions — Sport/Regional News.

BBC 2

10.10 am Open University.
†3.15 pm Stars of the Silent Screen: "Steamboat Bill Junior" starring Buster Keaton
4.25 Play Away.
4.50 Saturday Cinema: "A Funny Thing Happened on the Way to the Forum" starring Zero Mostel, Phil Silvers.
6.20 Angus McBean demonstrates his skills of photography in a session specially arranged with his friend the late Sir Ralph Richardson.
6.50 Sight and Sound in Concert, Gary Moore on stage at Goldiggers, Chippenham (simultaneous broadcast with Radio 1).
7.30 News and Sport.
7.45 The 20th Century Remembered. Jack Jones, former General Secretary of the TGWU, talks about the post-war years and political changes which led the Union into direct conflict over the "Ban the Bomb" issue.
8.15 Cricket: Highlights of the First Test between England and New Zealand.
8.45 Miro—The Theatre of Dreams.
9.40 C. P. Snow's "Strangers and Brothers"
10.35 Meo . . . and Work.
11.00 News on Two.
11.05-12.40 am Film: "Buffet Froid".

LONDON

6.25 am TV-am Breakfast Programme. 9.25 LWT Information. 9.30 Sesame Street. 10.30 The Saturday Show.
12.15 pm World of Sport: 12.20 World Cup Skiing from Kitzbuhel and Verbiers; 12.45 News; 12.50 On the Ball presented by Ian St John and Jimmy Greaves; 1.20 pm The ITV Six from Kempton and Warwick (introduced by Brough Scott and Derek Thompson); 3.00 Pool—Holsten UK Champions of Champions from The Lyceum, London; 3.35 Indoor Athletics from Los Angeles Sports Arena; 3.45 Half-time Soccer Round-up; 4.00 Wrestling; 4.45 Results.
5.00 News.
5.05 Fraggle Rock.
5.35 The Fall Guy.
6.30 Child's Play.
7.00 3-2-1.
8.00 Cannon and Ball.
8.45 News and Sport.
9.00 Adult Movie: "Tony Rome" starring Frank Sinatra.
11.00 London News Headlines followed by Bob Marley at the Santa Barbara Bowl.
12.00 Profiles in Rock (Supertramp).
12.30 am Best of Saturday Night Live and Night Thoughts with Rev Donald Reeves.

CHANNEL 4

1.55 pm Coping.
2.25 "The Paleface," starring Bob Hope, with Jane Russell.
4.05 The Lorax.
4.35 Skateaway.
5.35 Brookside.
6.00 The Other Side of the Tracks.
7.00 No Problem!
7.30 News Headlines followed by Sereo Days.
8.00 Twenty-Twenty Vision.
8.30 The Gaoges Gharial.
9.30 The Avengers.
10.30 The Comic Strip Presents
11.15 "Katherine," starring Sissy Spacek a young heiress who rejects her parents and their comfortable life-style to join a group of political terrorists.

S4C (WALES)

12.45 pm A Week in Politics. 1.30 Basketball. 2.25 Rygbi (Cymru v Alban). 4.00 The Amateur Naturalist. 4.30 The Railroader. 4.55 Country Boy. 5.05 Yr Awr Fawr. 6.05 The Incredible Hulk. 7.00 Ser. 7.30 Newyddion. 7.45 Sierra Gold. 8.25 Treasure Hunt. 9.25 Y Macs Chwarae. 10.15 Arolwg. 10.45 Dream Stuffing. †11.15 Feature Film "Lifeboat."

REGIONS

IBA Regions as London except at the following times:—

ANGLIA

9.35 am Vicky the Viking. 10.05 Unicorn Tales. 5.35 pm Knight Rider. 11.00 The Roots of Rock 'n Roll. 12.00 At the End of the Day.

BORDER

9.25 am Vicky the Viking. 9.50 Once Upon a Time . . . Man. 10.15 The Smurfs. 5.35 pm Knight Rider. 11.00 The Fugitive.

CENTRAL

9.25 am The Wonderful World of Professor Kitzel. 5.30 Metal Micky. 5.55 Watoo Watoo. 10.00 The Green Hornet. 5.35 pm Knight Rider. 11.00 The Roots of Rock 'N' Roll.

CHANNEL

9.25 am Thunderbirds. 10.25 Puffin's Pla(i)ce. 5.05 Puffin's Pla(i)ce. 5.40 Knight Rider. 11.00 The Roots of Rock and Roll. 12.00 In Search of the Real Dracula.

GRAMPIAN

9.30 am Noddy. 9.45 The Smurfs. 10.10 Falcon Island. 5.35 pm Knight Rider. 11.00 Reflections. 11.05 The Devlin Connection. 12.00 Newhart.

GRANADA

9.25 am Sesame Street. 10.20 Cartoon. 5.35 pm Knight Rider. 11.00 The Roots of Rock 'n' Roll. 12.00 Thriller.

SCOTTISH

9.25 am Cartoon Time. 9.35 Stingray. 10.00 The Flying Kiwi. 10.25 Adventures of the Mouse on Mars. 5.35 pm Knight Rider. 11.00 Late Call. 11.05 The Saturday Night Show. 11.50 Private Benjamin.

TSW

9.25 am The Wonderful Stories of Professor Kitzel. 9.30 Freeze Frame. 10.27 Gus Honeybun's Magic Birthdays. 12.12 pm TSW Regional News. 5.05 Newsport. 5.40 Knight Rider. 11.00 The Roots of Rock 'N' Roll. 12.00 In Search of the Real Dracula. 12.30 am Postscript. 12.35 South West Weather.

BBC RADIO 1

(S) Stereo when broadcast on VHF

8.00 am Tony Blackburn's Saturday Show. 10.00 Peter Powell. 1.00 pm Hitsville USA (S). 2.00 Paul Gambaccini (S). 4.00 Saturday Live (S). 5.30 In Concert (S). 6.50 Sight and Sound in Concert (S) featuring Gary Moore from Goldiggers, Chippenham (simultaneous broadcast with BBC2). 7.30 Janice Long. 10.00-12.00 Gary Davies.

BBC RADIO 2

5.05 am David Jacobs (S). 10.00 Sounds of the 60s (S). 11.00 Album Time (S) with Peter Clayton, including 11.02 Sports Desk. 1.00 pm I'm Sorry, I Haven't A Clue. 1.30 Sport On 2: Racing from Haydock Park at 1.30 and 2.00; Rugby Union: Commentary on France v Ireland from Paris; plus Wales v Scotland at Cardiff; Cricket: New Zealand v England at Wellington; Football: News and scores from today's matches: plus second-half commentary on an important match; 5.00 Sports Report, including 5.40 Cricket; 5.50 Classified Results; and 5.55 Pools news and results. 6.00 Folk On 2. 7.00 Jazz Score. 7.30 Billy May in Concert (S). (8.30-8.50 Interval with Benny Green). 9.30 Big Band Special (S). 10.05 Saturday Rendezvous (S). 11.00 Ken Bruce with his selection of music (S). 1.00 am Nightride with Jean Challis (S). 3.00-4.00 The Spinners' 25th Anniversary Concert.

BBC RADIO 3

7.00 am News. 8.05 Aubade (s). 9.00 News. 9.05 Record Review (s). 10.15 Stereo Release (s). 11.30 BBC Philharmonic Orchestra (s), part 1: Rubinstein. 12.05 pm Interval Reading. 12.10 part 2: Strauss. 1.00 News. 1.05 Spanish Piano Music (s). 2.00 Georg Philipp Telemann (s) chamber music. 3.45 Brahms (s). 4.20 Honegger (s). 5.00 Jazz Record Requests (s). 5.45 Critics' Forum. 6.35 The Iberian Organ (s). 7.05 A Family Man (short story by V. S. Pritchett). 7.30 "Die Liebe der Danae," light-hearted Mythology in three acts. Music by Strauss (sung in German) Act 1 (s). 8.10 The Book of Snobs by William Makepeace Thackeray, adapted in four parts. 8.20 "Die Liebe der Danae," Act 2 (s). 9.05 Ethics and Fantasy. 9.25 "Die Liebe der Danae," Act 3 (s). 10.45 The Romance of the Rose (s). 11.15-11.18 News.

BBC RADIO 4

7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 It's A Bargain. 7.55 Weather; Travel; Programme News. 8.00 News. 8.10 Today's Papers. 8.15 Sport on 4. 8.46 Yesterday in Parliament. 8.57 Weather; Travel. 9.00 News. 9.05 Breakaway. 9.50 News Stand. 10.05 The Week in Westminster. 10.30 Daily Service (S). 10.45 Pick of the Week (S). 11.35 From Our Own Correspondent. 12.00 News; Money Box. 12.27 pm The First Hell Century (S). 1.00 News. 1.10 Any Questions? from Swansea, West Glamorgan. 1.55 Shipping Forecast. 2.00 News. 2.05 Thirty-Minute Theatre (S). 2.35 Medicine Now. 3.05 Wildlife. 3.20 Morning in. 4.00 International Assignment. 4.30 Does He Take Sugar? 5.00 The Chip Shop (S). 5.25 Week Ending (S). 5.50 Shipping Forecast. 5.55 Weather; Travel; Programme News. 6.00 News; Sports Round-up. 6.25 Desert Island Discs (S). 7.05 Stop the Week with Robert Robinson (S). 7.45 Baker's Dozen (S). 8.30 Saturday Night Theatre (S). 9.58 Weather. 10.00 News. 10.15 You The Jury (S). 11.00 Lighten Our Darkness. 11.15 Animal Language. 11.45 A Sideways Look at . . . with Anthony Smith. 12.00 News.

RADIO LONDON

7.32 am Good Fishing. 8.04 London Today. 9.03 It Seems Like Only Yesterday. 9.30 Lobby. 10.02 All That Jazz. 11.30 Robbie Vincent's Saturday Show. 2.02 pm Breakthrough. 3.30 The Great Composers. 6.00 Guideline. 6.30 Evening Star. 7.30 Hold The Front Page. 8.00 Black Londoners. 9.30 Good Fishing. 9.00 As Radio 1. 12.00-5.00 am As Radio 2.

LONDON BROADCASTING

7.00 am AM with Peter Deeley. 10.00 Clive Bull's Fix-It Phone-In. 1.00 pm Sportswatch with Jack Stalling and Dominic Allen. 6.00 Dee Fahy Reports. 7.00 Geet Mala. 9.00 Network. 10.00 Adrian Love's Nightline. 1.00 am Night Extra. 4.00 Network.

CAPITAL RADIO

7.00 am The Breakfast Show. 10.00 Pick of the Pops—Take Two. 12.00 Love Song Saturday. 2.00 pm Afternoon Delight. 5.00 Gary Crowley's Magic Box. 7.00 Greg Edwards's Soul Show. 9.00 Roots Rockers. 11.00 Foreign Affair. 12.00 Midnight Special.

Solution and Winners of Puzzle No. 5,316

Mrs Gwen Pearce, 3 Bexfield Close, Allesley, Coventry.

Mrs M. L. Macnaughtan, 37 Birling Road, Tunbridge Wells, Kent.

Mr A. C. E. Pierce, The Old Vicarage, Heytesbury, Wilts.

CHESS SOLUTIONS

Solution to Position No. 499

1 . . . R-B8! 2 Q-Q3 (2 QxQ, RxR ch), Q-R6! 3 Q-B1, RxR; 4 QxR, B-B3 and White resigned. Either rook or Knight falls.

Solution to Problem No. 499

1 Q-Q6, Q-KN4; 2 R(Q4)-K4, or if Q other; 2 Q-KB4. 2 NxQ or 2 QxQ mates accordingly. Traps are 1 Q-R2? Q-KN4! or 1 R(N4)-KB4? Q-Q6! or 1 R-R4? QxP!

هكذا صدر الأصل

Artistic trophies of Bloomsbury

"THE WALLS of the Post-Impressionist home will not be as the walls of ordinary homes," went an article in the Daily News and Leader on the opening of the Omega Workshops in 1913 by painter and art critic Roger Fry for the design of furnishings and interiors.

The writer went on to applaud the walls which were covered "with a wonderful landscape in aesthetic tones, pale purple skies and shining moon, and blue mountains."

And if you became bored with the pattern on your wall, there was no problem, the workshop would paint you another one.

The Omega premises were at 33, Fitzroy Square, a tall terraced Georgian house in West One, now the London Foot Hospital. Co-directors with Roger Fry were Vanessa Bell and Duncan Grant, who worked with a group of young artist-decorators. Among them were French painter Henri Doucet (1883-1915) and sculptor Henri Gaudier-Brzeska (1891-1915), both of whom were killed in the war, Frederick Etchells, Wyndham Lewis, Edward Wadsworth, Cuthbert Hamilton (a contemporary of Lewis's from the Slade), Jock Turnbull, Nina Hamnett and her husband Roald Kristian.

There were problems of course, right from the start. Even the name Omega aroused resentment in certain quarters. Someone objected to its suggestion Eureka and other horrors; while Guild of Handicraft founder Charles Ashbee chaffed Fry for the impertinence of suggesting that Omega stood for the last word in art.

Nevertheless it was a particularly suitable symbol, being both a word and a sign that could be used as a trademark. Everything produced had to be anonymous, signed only with the Omega symbol. The artists were paid a flat rate of 30 shillings for three half-days work a week.

The first major set-back was what has been called the "Ideal Home Rumpus" in October of 1913, when Wyndham Lewis, Wadsworth, Hamilton and Etchells fell out with Fry and left after disagreements over who should design what.

Omega was not to everyone's taste. There is documentation that Charles Ashbee's friends considered it "too awful, simply a crime against truth and beauty," with the Royal Family, visiting the display at the Ideal Home were said to have thought it the perfect example of how not to decorate a sitting-room!

But Omega went on, gaining stature through decorative commissions such as that for the Cadena Cafe in London's Westbourne Grove, where everything from rugs to lampshades as well as the waitresses' clothes were designed in the workshop.

What of Fry himself? He was one of the Bloomsbury Group, together with Vanessa Bell (with whom he had a love affair), Duncan Grant, Leonard and Virginia Woolf, Adrian Stephen, Lytton Strachey, John Maynard and Lydia Keynes, Saxon Sydney-Turner and E. M. Forster, all "officially" listed as the originators of the group in *The Word and The Image*, 1978 National Book League exhibition.

Fry (1866-1934), was the oldest, once a curator at the Metropolitan Museum in New York who later built up a reputation as an art critic. Lord Clark observed that "he became incomparably the greatest influence on taste since Ruskin."

Virginia Woolf, Vanessa Bell's sister, was particularly impressed by Fry, referring to him as "the only civilised man I have ever met," maintaining that "if Bloomsbury had produced only Roger, it would be on a par with Athens at its prime."

By 1919 the workshop was fizzing out through lack of customers, and eventually held its clearance sale "at very greatly reduced prices." Judith Collins in *The Omega Workshops*, just published by Secker and Warburg, £15.95, sums up Fry's attitude just before it closed, as altering from "one of tremendous enthusiasm to one of annoyance, resignation and regret."

The scholarly book is a tour-de-force of documentation with much informed critical assessment of the artists at their work. It is just a pity that the illustrations had to be stacked at the back instead of enlivening the text.

And do not expect to discover much of the diverse and titillating relationships of the sometimes bizarre personalities involved. These must be gleaned from the numerous Bloomsbury biographies currently on offer.

Omega's work, where it still exists, has been difficult to see in any quantity, being scattered mainly among private collections. Now two stylish exhibitions, the first of their kind, have opened this week, *The Omega Workshops 1911-1920—Alliance and Enmity in English Art* until 6 March at Anthony d'Offay, 9 and 23 Dering Street, W.1., and until 13 March *The Omega Workshops 1913-19—Decorative Arts of Bloomsbury* at the Crafts Council Gallery, 12 Waterloo Place, S.W.1., where some of the contents are borrowed from Charleston, Vanessa and Duncan's farmhouse in Sussex which is being restored.

Some 80 per cent of the objects in the d'Offay gallery are for sale. Ceramics and fabrics are from about £400, with watercolours around £1,000. For Bloomsbury devotees, who search far and wide for their trophies, everything will be desirable.

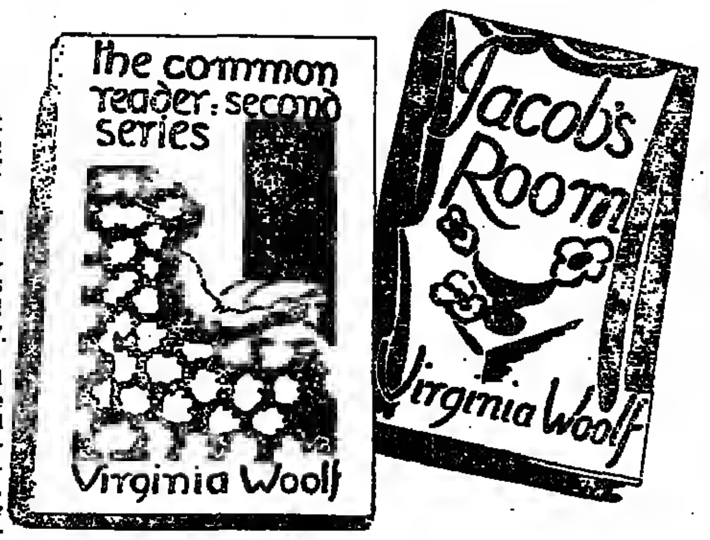
Anthony d'Offay, who has been collecting for the last 12 years, would like a museum to buy at least a couple of dozen of the items, to make up a complete Omega room. The centre-pieces would be the unique "giraffe" marquetry cupboard designed by Roger Fry, and the "lilypond" screen and table designed by Duncan Grant, who took his inspiration from a pond in the garden of Fry's home at Durbins, Guildford, Surrey.

Hand-painted pieces abound, whether screens, chairs, cupboards, lampshades, boxes or tea trays. For the Omega "Ideal Nursery" there is a toy chest, and an embroidered chair cover designed by Duncan Grant and stitched by his mother Ethel. While for the well-dressed man at home there is an Omega dressing gown made by Fry's daughter Pamela Diamand, plus Fry's printed linen pyjamas worn by him to a Russian Ballet party in London in 1918.

In the introduction to Isabella Anscombe's lively *Omega and after* (Thames and Hudson 1981) John Lehmann wrote how sad it was that a younger generation "has not had the will or the interest to reserve such decorative activities once more; now plainness is all."

This is changing. *The New Spirit of Omega* display at the Victoria and Albert Museum Craftshop, January 28 to March 1 at the V and A, South Kensington, shows that contemporary makers can also produce pieces with free-style decoration in dazzling colours.

June Field



Book jacket designs for the Hogarth Press

Painters on the oceans

BEFORE PHOTOGRAPHY, it was important that every military or naval expedition should have at least one capable draughtsman along to make a pictorial record of events. Drawing was considered so useful an accomplishment for an officer, indeed that for 30 years Paul Sandby was employed to give classes at the Royal Military Academy at Woolwich.

On Captain Cook's third and ill-fated last voyage on the "Discovery," from 1776 to 1780, the official artist was John Webber RA; but it now turns out that there was an "unofficial" artist at work as well; and ten of his watercolours will be sold by Sotheby's next Thursday.

This other artist was William Ellis, educated at Cambridge and St Bartholomew's Hospital, who joined the "Discovery" in March 1776 as Surgeon's Second Mate. It seems to have been understood from the start that he would employ his artistic as well as his medical skills; he was recommended to Joseph Banks as "a very worthy young man" and produced for Banks a series of admirably scientific drawings of birds and fish which are now in the Natural History Museum.

Between times he seems to have produced a considerable series of topographical drawings; besides the group in Sotheby's there are others in museums in Australia, New Zealand and Honolulu. The Sotheby landscapes are very finished ink and wash drawings, in which Sotheby's experts note the stylistic influence of Webber. A possible reason for the resemblance is that both may well have used a camera obscura — by that time an almost indispensable aid for a topographical artist. The use of the camera (which projected a reduced impression of the view on to the artist's paper) is suggested by the faint pencil tracing under the ink, as well as the strong contours and precise perspective of the drawings.

Ellis's picture of the "Discovery" and the "Resolution" lying at anchor in Adventure Bay, Van Diemen's Land is among the earliest and certainly the most charming Australian scenic views. It is likely to realise in excess of £25,000 next week.

After his voyage with Cook, poor Ellis's life was short and troubled. He had financial problems, and when he tried to solve them by publishing an "unofficial" record of the expedition, ruined his chances of a distinguished naval career. He was killed in 1785 when he fell from a mainmast in Ostend Harbour.

Richard Frederick Britten was an unofficial naval artist who had a more successful career: he retired from the Navy with the rank of Rear-Admiral. As a 16-year-old midshipman, he sailed from Plymouth in September 1859 on a spanking new screw steam frigate, HMS "Topaze." The voyage took him around South America to the Pacific station of Esquimalt. Young Britten was a primitive but lively draughtsman. An album of 82 watercolours and drawings in the same sale as the Ellis views, provides a lively record of the places he visited. They are incidentally among the earliest topographical views of the area around British Columbia and Vancouver Island.

The album is supplemented by the young midshipman's journal, which records his adventures from the moment he left home in Hanover Terrace to take the night train to Plymouth ("slept very comfortably nearly all the way down").

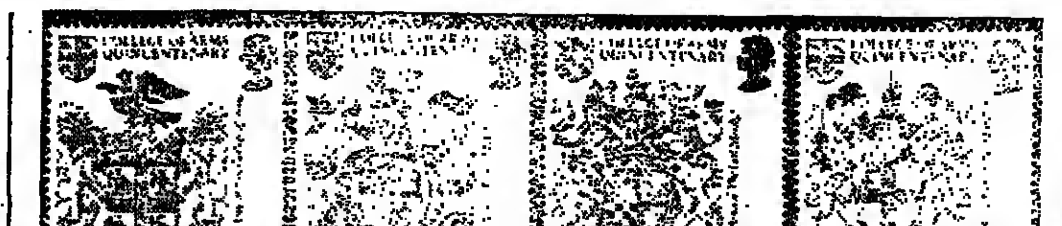
Life at sea for a youngster of his station does not seem to have been disagreeable. He records with momentary solemnity the deaths by accident of disease of various seamen, as well as of his pet hen canary. Otherwise he is more concerned with such frolics as a mad gallop on horseback through Santa Cruz. Britten was thrown and "tot my best jacket all to pieces." There were always diversions. Crossing the line was "grand fun. Everyone was shaved, even the three unfortunate dogs."

In Rio they went ashore and saw Il Trovatore. In Valparaiso they played cricket. In Hawaii they saw the Queen but not the King who had "shot a man some time before so he used not to go out much." The President of Peru gave a ball: "All the beauty of Lima was there, but I cannot say very much for it, but they all have beautiful eyes and feet."

Off Canada they salvaged a wreck. "We made ourselves as comfortable as possible with a case of sherry we picked up and champagne. It was very amusing to see some of the men would not touch the sherry till after they had seen us drink it—they said it was medicine or stuff to make them drunk . . . It was laughable to see the men rigged out in ladies' hats and waistcoats, shawls and white caudroy trowsers . . ."

The ocean was a sociable place. Even though part of their mission was to keep an eye on boundary disputes with the Americans over San Juan, the British were handsomely entertained to lunch at the American camp. They also fraternised happily with the personnel of French ships; and Britten pays the midshipmen of a French frigate as handsome a tribute as an Englishman could: "A very good lot of fellows—for Frenchmen." Moreover, they "appeared to have a good deal of respect for the English man of war." The Queen's Navee knew its place in the world in the great days of Victoria's Empire, and liked others to know it too.

Janet Marsh



Four for five hundred

STAMPS

JAMES MACKAY

ONE OF THE PARADOXES OF our modern, high-tech world is that the science and art of heraldry is not only alive but flourishing as never before. A coat of arms is something that we instinctively associate with medieval romance and chivalry, with tales of King Arthur and the legendary Knights of the Round Table. Yet heraldry obtrudes everywhere today, from the insignia of the district councils on their rates demands to the armorial devices of the giant multi-national corporations.

The origins of heraldry may be traced back to the totemic emblems of ancient tribes, such as the white horse of Saxony, the lion of Judah or the eagle of the Romans. But heraldry in its present form, the art of blazoning and describing arms in proper heraldic terms, is a medieval institution.

The colourful designs painted on defensive armour or embroidered on the surcoats worn over armour originated in Germany in the 12th century and were mainly associated with the great tournaments which then became fashionable. The German word "blasen" — to blow a horn — was adapted to mean the description of arms, but thereafter the French tended to monopolise this art, and the vast majority of the terms in use to this day are derived from that language.

Heraldry came to England in the Reign of Richard Coeur de Lion. Three centuries later it fell to his namesake, Richard III, to put English heraldry on a proper footing by establishing the College of Arms in 1484. The quincentenary of the college, the only lasting memorial to this much-maligned monarch, is celebrated this week by a set of four stamps in glorious multicolour photogravure by Harrison and Sons.

The stamps, in an unusual square format, feature the arms of the college (16p), Richard III (20½p), the Duke of Norfolk who, as Earl Marshal, presides over the college's officers-of-arms, known as kings of arms, heralds and pursuivants (28p) and the City of London (31p), within which the college is situated. The stamps were designed by freelance (another medieval term with chivalrous overtones) artist Jeffery Matthews. Since the College of Arms is also deeply concerned with genealogical matters, the Post Office Press release informs us that Mr Matthews can trace his family back to 1563 when "fine knives" were made by Richard Matthews on Fleet Bridge, and his family have been goldsmiths and Cutlers of London for generations.

The Post Office, however, omits to say whether Jeffery Matthews is one of those "who can prove their live with dignity" and has applied to the college for the right to bear arms.

This set departs from the normal practice of the British Post Office of using a historic anniversary, often quite indirectly, as the pretext for a set with much wider appeal. Had we the usual criteria been applied we might have expected a series featuring heraldry of the four countries that make up the UK. Instead, those of us who live north of the Border have, for the time being, to content ourselves with the vague promise that a further heraldic set of special stamps related to the activities of the Lord Lyon King of Arms "may be issued in a future year."

1984 marks the centenary of the Highland Cattle Society and the bicentenary of the Royal Highland and Agricultural Society but I do not cavil at the fact that only one of the five stamps to be issued on March 6 is actually relevant to either event, nor that, while the Highland Cow takes her rightful place along with the Welsh Black Bull, and the Irish Moiled Bull, England gets the lion's share yet again, with stamps devoted to the bulls of Chillingham and Hereford.

The College of Arms, pursuant to royal authority, grants and assigns armorial bearings to eminent men and women and worthy corporations in England, Wales, Northern Ireland and all Commonwealth countries of which the Queen is Head of State. Thus we may expect that a number of overseas countries will issue stamps in this theme during the coming year.

Australia, jumped the gun, in fact, with a new series of definitive postal stationery released last November. Each of the impressed stamp at the new 30c inland rate, reproducing in full colour the coats of arms of the six States — New South Wales, Victoria, Queensland, South Australia, Western Australia and Tasmania — as well as the Northern Territory, whose arms were granted by the Queen in 1978 on the establishment of self-government in the territory. Also in the set are the civic arms of Canberra (granted by George V in 1928 after the city was elevated to the status of federal capital) and the arms of the Commonwealth of Australia. The Commonwealth's first arms were granted by Edward VII in 1908 but as they had no specific reference to the states they were replaced by the present arms in 1912, granted by George V.

Undoubtedly the most sumptuous contribution to heraldic philately is the recent miniature sheet issued by the German Democratic Republic as a fitting close to the year-long celebrations of Martin Luther. The 1Mk sheet reproduces in full colour the title page of Luther's vernacular Bible, decorated with the elaborate arms of the princes of the Smalkald League.

HIGH ST WINES

EDMUND PENNING-ROWSELL

PETER DOMINIC is one of the oldest wine chains, independent until it was bought in the 1960s by International Distillers and Vintners. Founded over 40 years ago in Horsham, most of its 480 branches are in the southern half of the country, but there are 32 in Scotland. It has always maintained a certain style.

At a recent tasting more than 50 wines were shown and of these I picked out the following: all in 75 cl bottles unless otherwise stated.

WHITE

Peter Dominic Vin de Pays du Vaucluse (£2.75 per litre)

A clean dry French country wine from the heart of the Côte-du-Rhône area. Good value.

Lugana Lamberti (£2.45)

Although this dry white DOC wine comes from around the south of Lake Garda, not far from Verona, it is in fact a Lombardy wine. This attractive example has a "lively" prickle and is well-balanced.

Bereich Johannisberg Riesling 1981 (£2.95)

Coming from the Rheingau cooperative at Erbach, this has a real Riesling bouquet, along with a good degree of acidity that balances the Rhine sweetness.

Rudesheimer Magdalenekreuz Riesling Kabinett, Schloss Grönesteyn 1981 (£2.75)

For a Kabinett-quality Rheingau Riesling from a reputable estate this fruity-wine, well balanced by firm acidity is excellent value.

Chablis Fourchaume, Bonchard Père et Fils 1981 (£5.40)

This premier cru wine of a very good, firmly-style vintage has the crisp, dry aroma and flavour that marks out fine Chablis, that should improve further.

Rully Blanc, Meulien Pignaret 1978 (£5.40)

The high price of most Côte d'Or whites has stimulated interest in the distinctive Chalonnais wines to the south. Full-bodied and fruity this one has a long taste that lingers in the mouth. French-bottled.

RED

Vins de Pays des Coteaux du Salaves (£2.09)

The low price of this southern French country wine from near the Pont du Gard, combined with a fairly fruity flavour, makes this an acceptable everyday wine.

Spanna del Piemonte, Agostino Brugo 1981 (£2.79)

Spanna is the north Piedmontese name for the Nebbiolo grape, but though not a DOC wine, it can often produce wine superior to such. This one, from a reputable firm, has a nice nose, light colour but well-balanced, easy-to-drink flavour. Good value for quality.

Carmignano, Tenuta di Capezzana 1980 (£3.49)

This near-Florentine wine, Chianti-like in style, secured its own DOC rating some years ago. Light in colour, with a fruity bouquet it is better balanced and less aggressive than many Chiantis.

Brunello di Montalcino, Altesino 1978 (£6.95)

In the running to be Italy's greatest and often most expensive wine, this one has a full colour, an attractive bouquet and plenty of body and fruity flavour without the harshness of Chiantis, which in essence most Brunellos somewhat resemble. Interesting.

Ch L'Escadre, 1er Côtes de Blaye 1979 (£3.95)

A good example of a soft, light claret, ready to drink now, from one of the best-known estates in the Blaye district.

Ch Giscours, Margaux 1979 (£7.95)

The large '79 vintage produced light, early-maturing wines, and this third-growth appellation Margaux has good colour, a lovely rich nose, and full body for the year. Ready to drink now, though it should improve, and demonstrates the qualities that claret alone provides.

Run rabbit, run rabbit . . .

COUNTRY NOTES

JOHN CHERRINGTON

IT WAS A CRY I had not heard for years, the high-pitched scream of a rabbit in the grip of a stoat. I walked quickly up the hedge and saw them. The rabbit thumping up and down in the grass while the stoat hung on regardless of the battering it was receiving. In a few moments the rabbit lay still and the stoat slipped away as I approached. In the past I had often come across such scenes and if the rabbit were undamaged had taken it home to be sold or to be eaten by the family. After all, the stoat generally simply cuts the rabbit's throat or breaks its neck leaving a perfectly clean carcass.

Since myxomatosis I have never eaten rabbit; my wife has refused to cook it. But this is a rather unreasoning attitude and if I were sufficiently hungry I would certainly have no hesitation in robbing a stoat of its lunch even if the rabbit had signs of the disease which to the naked eye is shown by a swelling of the head. Cut off the head which is inedible anyway, and no one would be any the wiser.

Before leaving the corpse to its killer or to the crows I examined the eyes to see if there were any symptoms but found none. It looked to be a perfectly healthy rabbit and in very good condition too. It had carelessly allowed itself to be caught by its hereditary enemy of which this was the first specimen I had seen for a long time. This shortage of stoats and other predators is just one of the consequences of the myxomatosis invasion some 30 years ago.

Until then the countryside, particularly in the wooded areas and the downs, was dominated by the rabbit. The downland turf owed its texture to the constant overgrazing by these pests. Farming and particularly grain farming was a constant battle against their depredations. It used to be said that six rabbits would starve a sheep. Sometimes the ground was alive with them, and one of my neighbours with three friends shot just under 1,000 in a morning on less than 100 acres of scrubland.

Myxomatosis was origanally imported from South America into France where is was released among rabbits by a scientific researcher. The infection crossed the Channel, how no one knows or has admitted, and soon spread across the country. Its symptons were distressing and the results, with hundreds of blinded rabbits hopping around the roads being squashed by the traffic, caused a good deal of uproar among the public.

But the natural predators had a real feast. For the first time in their lives they could kill rabbits without much exertion. The disease even in its early stages slows the creatures up and made them an easy prey and then the rabbit just vanished from many of its old haunts. This had an immediate effect on the buzzards, foxes, stoats, etc. And this disappearance has been permanent. I only know one pair of buzzards where half-a-dozen lived before and I seldom hear the yelp of a fox of a November evening: they have had to move further afield, perhaps into the towns.

But the rabbit has not been quite wiped out. Colonies reappear from time to time and there are alarmist stories that they will become as bad as they ever were. That some rabbits have developed an immunity to the particular strain of the virus and that these will form the genetic nucleus of immune populations. This I don't believe.

Parts of my farm have been repopulated from time to time but numbers only grow for a short time and then the disease strikes again and they disappear. My belief is that there is always a small number of rabbits which can't live in colonies or burrows. They spend solitary lives on the surface among scrub and bramble and only go to ground to breed in their isolated stops. In this way they avoid the rabbit flea, the vector of the virus which apparently lives in the burrows and once these are repopulated the inhabitants succumb without human interference.

Myxomatosis has altered the ecology of the countryside fundamentally and I think for the better. And it has avoided the inescapable cruelty needed to keep rabbit populations in check by trapping and other means. Myxomatosis has also made nonsense of the prophecy of an old friend of mine the writer, A. G. Street. He always used to say that if man was wiped out by some atomic disaster the British countryside would be dominated by the rabbit. I wonder what will dominate it now.

Rugby: **Peter Robbins** reports

Desperate Wales

THE INTERNATIONAL programme starts today (with the exception of England), and a series of questions hang over the various participants. Can Wales rehabilitate themselves after their humiliation in Romania? Will France sustain that same brilliance against Wales? Was Scotland's worthy draw with the All Blacks as valid as it seemed? And finally can Ireland's almost antique pack gird itself for a final campaign?

The view has been postulated in Cardiff that there is now no longer a Big Five, just the Big Two — John Bevan and Terry Cohner. Factionalism is a permanent feature of the Welsh scene but all will be forgotten and forgiven if Wales win.

The most surprising selection in the Welsh pack is that of Moriarty on the flank. His height will be an asset to the line out but the Welshmen must tremble at the thought of Laidlaw setting off on those typical arc-like runs on the blind side. With Butler retained as captain, that only leaves Pickering and the paceman in the back row, and therefore it seems likely that a Pontypool style of foreward play is in prospect.

But a speedy and skilful back row is such a vital ingredient in modern rugby that it is difficult to see how the Welsh trio will match the Scots in speed and use of the ball.

The Scots have a great chance against the Welsh pack even at the line out where Norster is not yet back to his best form. Recently he could not dominate for Cardiff against Moseley. Scotland are strong, therefore, where Wales are weak. They have a splendid back row which includes Calder and Leslie.

Wales may yet rue the exclusion of Gareth Davies although Dacey is a superbly poised runner and passer. His tactical interpretation and responses are vital as is the performance of the new cap Douglas at scrum half. Douglas is a gifted player who thoroughly deserves his cap; he has great physical presence and will play very much in the style of Terry Holmes.

Bowen has very limited experience in the centre, but he is a nicely balanced runner and Hadley on the wing is a most aggressive attacker. The selectors' plans have been ruined by the injury to Wyatt whose timing in infiltrating the three-quarters is impeccable. Further, should Ackermann be forced to drop out at the 11th hour, Wales will not only lose their toughest central defender, but their most experienced back.

By contrast, Scotland fields an assortment of experience behind and no front. Eleven of the victorious side of two years ago still remain but I imagine that all the team will be praying for firm going. The middle five, and the core of the team—Leslie, Paxton, Calder, Laidlaw and Rutherford—know each other's play so intimately, that it is they who will dictate how the game is run and won. The major problem will be how the Scottish front row get on against their redoubtable opponents.

I think Scotland have a great chance but perhaps not with the same grandiose style of two years ago. But their record at Cardiff is not very good, and no one must write off a Welsh team desperate to re-establish national and personal pride.

Paris is a young person's city, and clearly the constituent members of the Irish pack are no longer the young "Boulevardiers" of yesteryear. Neither are they entirely worn out—not quite. An Irishman (who else) recently summed up the Irish team as a statistician's dream but a spectator's nightmare. That will give a clue about how the game will be played by the Irish, if they get any option. We have all been saying for years that this must be the final season for Slattery *et al*, and now the curtain must come down. The irony is that Ireland have dropped Kiernan, their youngest player!

Jean-Pierre Rives

McBride thinks there is no substitute for experience and certainly Paris is no place for wholesale experimenting. What bothers the Irish is that Slattery has played so little, O'Driscoll has been injured, Fitzgerald, their captain, has been ill, and McGloughlin is short of match practice, following his long suspension. So this season will be a real test of Fitzgerald's leadership and anybody who has captained a side will readily sympathise with his problems that will surely increase in the final 10 minutes.

So what will Ireland try to do? More to the point, what can they hope to do? Their plan must be to win sufficient balls for Campbell to kick for Ringland and Crossan on the wings and hope that the French will make enough errors for Campbell to kick his usual prolific number of points. Their attacking options are very limited, but they will defend and harry in that curiously effective and almost exclusively Irish way.

It will be gallant stuff but certainly not enough to arrest the progress of a good French team whose only problems seem to be over-confidence and possibly indifferent play.

Trevor Bailey in Johannesburg

Rebel cricketers

WALKING INTO the Wanderers in Johannesburg, I found it hard believing that it was over 25 years since I had taken part in the first Test to be staged there. Apart from being one of the best-appointed grounds and a part of possibly the most complete sporting complex in the world, I have a special affection for it, because not only did we beat South Africa, but I captured a number of wickets on a pitch which favoured seam. That was one thing that had not changed, as this exciting unofficial Test, which the West Indian rebels just won by one wicket, was dominated by pace bowling.

The South African team has been banned from international cricket for more than 10 years and I have just watched them playing, somewhat ironically, an all-black West Indian XI, some of whom will earn individually rather more than was paid to the whole of Peter May's party all those years ago. In these circumstances I certainly do not blame them for capitalising on their cricket ability, which is the view of all the Barbadians I have spoken to on this subject. If they were sportsmen in an individual, instead of a team sport, they might not have been excommunicated by their governing body.

Crowds for the Johannesburg unofficial Test were disappointing, so that the South African Cricket Association's expectations of making a small profit to offset the losses of previous rebel tours have not materialised. Having to pay their own players slightly more for a four-day game and a one-day game, than the English cricketers currently receive for Test and one-day internationals, has not helped. However, there is no doubt that these unofficial tours have done much to revive interest among schoolboys, while the ball by ball TV commentaries in the Xhosa language as well as Afrikaans should produce many new converts.

What was the standard? Neither team would have beaten the West Indies, Australia, or England, but might in South Africa have overcome New Zealand, India, or Pakistan, and would have annihilated Sri Lanka.

The batting of both was in the main disappointing, so that Pollock, close to the end of his career, was still in a class of his own. When South Africa were banned from Tests they probably had the best side in the world, but more than a decade without the challenge of international cricket has obviously had an adverse effect. Although there are not enough youngsters coming on, and they are having to rely on many old players, three of their batsmen—Lamb, Smith, and Wessels—are, I regret to say, representing other countries.

The match itself was fought with the passion of a genuine Test, and the finish was superb with a crowd, although desperately wanting, almost praying for victory, still showing a sportsmanship, and an appreciation of the opposition not always encountered these days.

SNOW REPORTS

EUROPE

Andermatt (Sw)	50-130 cm	Skiing good above 2,000 metres
Andorra (And)	51-148 cm	Good skiing on most runs
Les Arcs (Fr)	85-145 cm	Good skiing everywhere
Avoriaz (Fr)	120-122 cm	Good skiing on upper slopes
Ischgl (Aus)	50-160 cm	Powder on hard base
Grindelwald (Sw)	30- 80 cm	Good skiing above 1,500 metres
Igls (Aus)	5- 75 cm	Limited runs, high winds
Niederau (Aus)	35-110 cm	Hard packed on piste

European reports from Ski Club of Great Britain representatives

THE U.S.

Aspen (Col)	29-53 ins	Packed powder
Hunter (NY)	24-64 ins	Packed powder and granular
Park City (Ut)	24-97 ins	Powder
Squaw Val (Calif)	42-48 ins	Powder and machined granular
Stowe (Vt)	30-66 ins	Packed powder

Figures indicate snow depths at top and bottom stations

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Saturday January 21 1984

Statistical mysteries

JUST WHAT is going on in the British economy? The stock market says we have a boom, and so do the retail spending figures. The output figures show at best a slow forward creep; and the television news bulletins still keep up the tragic litany of closures and redundancies—Leyland Trucks working at half planned capacity, Ford closing a foundry, British Rail planning further slimming. It does not at first sight seem to add up; and the details do not do much to help solve the problem.

The rise in consumer spending is really substantial, according to the latest official estimate—3½-4 per cent in real terms, 5 per cent at the retail level and no less than 17 per cent up on 1982 in durables (dominated, of course, by cars).

Now if sales rise and output does not, the deficiency can only be made up by sales out of the warehouse, or imports. To some extent this has been happening; import volumes have risen quite strongly in the last three months. Although there is little sign in the official figures (or in our own survey of distribution, carried out with the CBI) to suggest a sudden fall in stocks, it does seem quite likely that manufacturers' stocks are quite sharply down.

Stark contrast

This is normal when there is an acceleration in sales, and especially when the acceleration is unexpected (most forecasts as late as last autumn said that the retail boom would soon peter out), and the startling improvement in corporate cash flow recorded in the latest figures seems to tell the same story. This improvement in liquidity may well stick; inventories in manufacturing, in spite of the long rundown, are still down officially as quite high in relation to output.

But are the output figures themselves credible? The stark contrast with sales, together with some encouraging facts—for example, the fall in import share in the car market, which has seen the biggest rise—raise doubts.

The output figures used to be regarded as the most reliable guide to national growth, at least of the "white" economy; but they are very difficult to compile. The official statisticians collect information from a sample of companies — about half covers actual volume of output, and half the value of sales or deliveries.

This is very simple and reliable in the sort of economy we used to have — an economy whose structure was pretty stable, and in which most prices moved at much the same pace. But when structure is changing, it is difficult to be sure that the sample is representative; and when relative prices are changing, it is difficult to translate sales figures into volume figures.

Both these problems have the same result; figures which are both less accurate and likely to be biased downwards. The use of out-of-date weights — the figures which relate the sample to the whole — tends to give too little importance to growing industries and too much to declining ones. That is why the index is "rebased" every five years or so — which always seems to show that past output growth was faster than we thought at the time.

Rapid change

The pricing effect is somewhat similar. If turnover figures are deflated by a common factor (actually the official index used to calculate stock relief), industries which are gaining efficiency fastest and holding or reducing prices will have their output deflated too much. These, of course, are also the ones which tend to grow fastest. Conversely, sluggish high-cost industries will have their output overstated—but it is probably falling still.

We can guess, then, that what we actually have is an economy undergoing rapid structural change—when you read of troubles in the Clyde shipyards, remember that the Clyde electronics industry now employs twice as many people—which is not over yet; and that output is almost certainly growing rather faster than the official figures show, though probably still slower than the growth of sales. But since sales are now likely to grow more in line with incomes—credit booms do not last for ever—the balance of payments may well stabilise rather than swing into deficit, as some interpretations of recent figures have suggested.

Real promise

It is certainly to be hoped that this interpretation is right; because unless output is growing at somewhere near the 3 per cent anual rise in real incomes, the continued high rates of increase in earnings begins to look forbidding. This has been stuck now at just under 8 per cent for months; with employment levelling off, this suggests that unit costs are rising uncomfortably fast—and helps to explain why the inflation rate is back over 5 per cent.

If the growth industries can now make the running, all may be well—inflation will be contained, and the remarkable revival of profits which is the real promise for the future of the economy as well as the stock market can be sustained. But if the evidence shows that costs and inflation are accelerating again, brace yourselves for trouble on Budget day. Only seven weeks to go.

Downfall of a heretic

By Clive Wolman

Trevor Humphries

Mr Reg Rowland pictured outside his Pall Mall office, which was opened last year shortly before his society's rapid growth ended

THE FATE of Mr Reg Rowland and his mushrooming New Cross Building Society was sealed one day last March when the society's auditors were given a mysterious tip-off by a rival building society chief.

To outsiders, and in his own estimation, Mr Rowland was at that time riding on the crest of a wave. The assets of New Cross had soared from only £6m when Mr Rowland took over the sleepy society in 1975 to nearly £120m and they were still rising rapidly.

But the tip-off led to a secret battle for the New Cross' survival which ended last week when Mr Rowland accepted defeat and the society was closed, its interests transferred to the Woolwich.

The story of the battle, which has emerged this week, reveals something of the tensions within Britain's £87bn building society industry and shows how the modern industry is regulated.

Back in March Mr Rowland was preparing to seize an opportunity for further expansion. The building society movement was reluctant to raise interest rates on deposits and on home loans in line with market conditions. With an election approaching, the political pressures were against an interest rate hike.

Confronted by a lack of inflow of funds and the withdrawal of the banks from the mortgage market, the societies were obliged to turn away an increasing number of home loan applicants.

Without waiting for the building society cartel to act, New Cross put up its interest rates so that larger and longer-term depositors would be paid rates 2 per cent above the official recommended rate for building societies. At the same time, New Cross tapped the wholesale money markets to boost its assets by over 10 per cent, a record proportion for any building society.

Money was lavished on advertising and coupons. Only a quarter of its funds was raised through its eight branches.

The money was then lent out to generally well-heeled home-buyers frustrated by long mortgage queues. They were persuaded to pay interest well above the odds by the New Cross's aggressive mortgage marketing team — a previously unheard-of phenomenon in the building society world — and a network of insurance salesmen used by New Cross. The documents were usually signed in the client suite of the society's newly opened offices on Pall Mall, in London's West End.

Few struggling first-time buyers or any other favourites of building society folklore appeared on their mortgage books. Their borrowers included, they claim, international footballers, entertainers and two MPs, who were lent amounts of up to £100,000 each, often on properties they already owned.

By the end of 1983, New Cross's assets had grown to over £160m. With 25,000 depositors, it was the 40th largest society.

According to Mr Rowland, "We are running the operation as a business and this is how we saw the opportunity to make a profit. Just because we're a mutual society doesn't mean we shouldn't make a profit for our members." Higher profits might eventually have meant better terms.

The style of management was also different — and was later to prove one of the reasons for the society's downfall. "We made decisions day by day as circumstances changed without waiting for weeks for a board meeting," said Mr Rowland. "We ran it more as a merchant bank than a traditional building society."

Mr Rowland's approach had for several years aroused the

A clash between philosophies and personalities

hostility of the more traditional building societies whose chiefs talk about "surpluses" rather than "profits." Most vulnerable to New Cross were those societies based around south-east London, New Cross's home territory. Mr Clive Thornton, who recently resigned as head of Abbey National, the second largest building society, says: "One or two societies in London would complain regularly at the Building Societies Association about New Cross. They were alarmed about their rate of growth, their advertising and their high interest rates. People used to talk about whether they could be expelled from the BSA."

Mr Reg Rowland, the 53-year-old architect of New Cross's transformation, was no stranger to such hostility. His business career was launched in the 1960s when he bought up cheaply the shares of about eight to ten rather sleepy rubber plantation companies quoted on the London stock exchange.

After dismissing the directors and taking control of the company, he and his "Waterfall gang" would break up and sell off at profits of up to 400 per cent the individual plantations and other assets of the companies, primarily to the Malaysian Chinese.

"We were asset-strippers," Mr Rowland recalls proudly.

According to one former plantations stockbroking analyst, "Some of his bidding tactics were controversial. He would often accumulate his holdings by stealth. This was in the days before the take-over panel."

However, when his companies moved into property speculation, Mr Rowland made a serious miscalculation. In 1970, he was forced to sell off a 25 per cent stake in one property company to a company connected with the then up-and-coming financier Mr Jim Slater at a loss of about £1m.

In 1972, he resigned his last company directorship and returned to his accountancy practice in Lewisham, south-east London. Because of his local connections, he had served as a non-executive director of the New Cross building society since 1964. In 1975, on the retirement of the society's chairman, he was offered the position—and accepted.

The building society movement has never been a magnet for hard-nosed entrepreneurs. But Mr Rowland foresaw opportunities.

"The building societies were not that distinct from the rubber plantation companies," he says. "In the same way that I shook up the rubber establishment I wanted to shake them up. I could see even then that over the next few years the banks and building societies and insurance companies and so on would all be coming together—and I wanted to be involved."

Although officially he was not an executive chairman and he appointed two general managers, in practice he spent most of his working day at the New Cross. The Chief Registrar of Friendly Societies, the industry watchdog, recognised him as "effectively chief executive." Last year, he drew a salary of £40,000 from the society, above average for a chief executive in a society of New Cross's size.

Yet even though Mr Rowland was partially aware of the hostility he was arousing, he laid himself open to attack. The most serious error he made was nearly five years ago when he bid for an excessive amount, £2.5m, of a medium-dated gilt-edged security whose value was particularly vulnerable to an upsurge in interest rates.

In a book to be published in April*, Dr Paul Barnes of the University College of North Wales argues that, because of intensifying competition and high management expenses, several building societies have been compelled to engage in risky gilts trading to make surpluses and maintain an adequate level of reserves.

The New Cross is not one of the societies he singles out for criticism. But although its management expenses were relatively low (it employs only 90 staff), its rapid growth in assets was not matched by a similar growth in reserves. And in two years, in 1979 and 1981, when the gilt market tumbled, its reserves fell below the legal minimum.

Mr Michael Bridgeman, who had been appointed as Chief Registrar of Friendly Societies in December 1981 with a "cleaning-up" brief, hauled Mr Rowland into his office when the 1981 accounts were published and threatened to close down the society. But he withdrew his threat on being reassured about future management policies.

In fact, in 1982, with a booming gilts market, New Cross achieved a large surplus, allowing its reserves to be boosted well above the legal minimum. The 1982 accounts and annual return in February gave the society a clean bill of health and in March it asked the Building Societies Association to be admitted to its investor protection scheme. Until then it had been the only major society to be excluded.

But at this stage, the society's auditors, Dearden Farrow, were contacted by a member of the BSA council who is the head of a medium-sized society. He advised them to check again more thoroughly some of New Cross's crucial accounting ratios.

Such a tip-off is hardly an accepted practice among BSA members. Mr Alan Cumming of the Woolwich Building Society, who was BSA chairman at the time, said: "It would absolutely stagger me if a council member had done that."

When a partner in Dearden Farrow conducted a special review of the audit, he discovered that a revision would have to be made in the figures

Legal battle had to be conducted in secret

relating to "special advances." By law, New Cross was permitted to allocate only 10 per cent of its advances to commercial mortgages or mortgages of over £37,500.

The original New Cross figures showed its proportion of special advances was only 8.54 per cent. But then Dearden Farrow discovered that some mortgages of exactly £37,500 had been pushed over the limit by arrears of interest and insurance premiums. The legal justification for including these was controversial, although the Court of Appeal agreed with it. But the inclusion of these mortgages meant that New Cross had broken the law by exceeding the 10 per cent limit, by a small margin.

Having let New Cross off the hook in 1982, Mr Bridgeman now issued orders which would mean the closure of the society on the basis of a much more trivial offence. When, for example, in 1980, the Peckham Mutual building society made special advances of almost double the permitted level, it was let off with a warning. Registry officials decline to comment on this difference.

Shortly after, the then Chief Registrar stated that the Registry would "take an understanding view if and whenever societies unwittingly find themselves with problems" over the special advances provisions.

However, on this occasion there was a sharp clash between the philosophies and the personalities of the new Registrar, Mr Bridgeman, and Mr Rowland. Mr Bridgeman was a career Treasury civil servant, soft-spoken, cautious, and precise.

On his appointment in 1981, he told the Financial Times: "I welcomed the opportunity to become more closely involved in the day-to-day operations in the real world."

When Mr Bridgeman confirmed his orders closing down the society in August, he expected Mr Rowland to agree to a takeover of New Cross by another society, or at least to a thorough overhaul of its management and an abandonment of its rapid growth policy. Mr Bridgeman would then withdraw his notices before they become public, as had happened on previous occasions.

When discussing his "clean-up" policies last March, he told the Financial Times: "The public is not going to see what is going on. It will just notice an increase in the merger statistics."

But he did not reckon on Mr Rowland's decision to fight against his orders through the courts.

During the four months it lasted, the legal battle had to be conducted in secret, to prevent a run on the New Cross by worried investors. But in case of a leak, Mr Bridgeman kept in touch with the BSA and some of the chief of the major building societies, including those known to have doubts about New Cross. They assured Mr Bridgeman that, if necessary, they would bail out New Cross investors so that they would suffer no loss.

Mr Rowland claimed to the court that it would be dangerous to close down the society as, in the ensuing run on its funds, investors would probably lose part of their money. This was the basis of the High Court's decision to overrule Mr Bridgeman's orders.

But although Mr Bridgeman could have countered Mr Rowland's argument by telling the judge of the assurance he had already received from other building societies, he decided not to do so, even when he asked the Court of Appeal to reverse the Judge's ruling.

In the event Mr Bridgeman's appeal was upheld on the ground that he had the sole discretion to determine whether investors would suffer any losses.

Yet as one BSA council member said this week: "He couldn't tell the court about the BSA guarantees because that might have meant having to say what the other building societies' attitudes were to the New Cross."

Mr Bridgeman and his officials decline to comment on this suggestion. For them, the Court of Appeal judgment was crucial as it confirms, for the first time, that their discretion in closing down building societies is unlikely to be overruled by the Courts.

* "Building Societies—The Myth of Mutuality," Pluto Press.

Letters to the Editor

Unfriendly

From Mr A. Glossop.

Sir,—The recent decision by the Registrar to enforce the effectual close down of the New Cross will come as no surprise to anyone connected with the smaller end of the building society world.

I write as a previous secretary/director of two small societies, now both effectively and amicably taken over by one of the top twenty.

In nearly 20 years of dealings with the current and previous Registrars, I have never found them to be "friendly" at all! The attitude from the Registrar has always been that he will raise the problems but leave the societies to solve them! On more than one occasion, I had requested that he took a more realistic approach and when a particular problem arose asked for his help—all we received was a summons to appear at North Audley Street and told to sort out the problem to his satisfaction—in 20 years, never once did he nor any member of his staff visit our offices!

While I am not aware of the full facts relating to the New Cross situation, the suggestion is that this society had reserves in excess of £4m (i.e. the stipulated 2½ per cent on £160m assets), and that most of the problems lay with the definition of "special advances"; from my experience, I am convinced that the Registrar is looking to every possible means to reduce the number of building societies to single figures! And when that day does arrive, what I venture to suggest, will happen—we will be invaded by foreign savings institutions all able and willing to give healthy competition.

A. D. Glossop.
Frecheville House,
2, Birley Moor Road,
Sheffield.

Milking

From Mr D. Bloom

Sir,—It is difficult to see how raising the intervention price for skimmed milk powder by 10.9 per cent can possibly reduce the cost of storing the stuff. The higher the intervention price, the more that will be offered for storage.

Originally there was no intervention price at all for skimmed milk powder, which is a by-product of butter production. Farmers used to feed the skimmed milk to animals or throw it away.

One year, however, it was thought inexpedient to raise butter prices, so those ingenious people in Brussels found a way of increasing the subsidy for butter production by paying farmers to turn skimmed milk into quite unsaleable powder. Hey Presto! Another bogus market was created, a new food mountain was thrown up, another reason for milking cows at the taxpayers' expense was brought into being.

Plainly, the real reason for the proposed increase in the price of powder is to offset the effect of the reduced intervention price for butter as much as possible.

These are only proposals from the Commission. In the light of experience, we can expect the Council of Ministers and/or the European Parliament to reduce or annul the 11.4 per cent price cut for butter, but of course the increase for milk powder will be endorsed. Carry on milking!

Derek Bloom.
47, Old Church Street,
Chelsea, SW3.

Businesses

From the National Chairman, Union of Independent Companies.

Sir,—Tim Dickson (January 12) implies that the only justification for Government support of small businesses is to "solve the unemployment problem."

This fails to recognise the philosophy which galvanises the small business movement and many leading politicians. The dispersal of wealth and consequently power is vital to the sort of society that most of us seek. Stability in both social and economic terms can only be achieved by the creation of a broad industrial base which can withstand the fluctuations of economic fortune.

The greater dependence upon fewer concerns over the last 20 years has been directly contrary to the best interest of the country. Whether these large corporations are within the private or public sectors does little to change the concentration of power and the concomitant social and infrastructural problems.

The mainstream of economic and financial policies introduced since the war has been conceived without due consideration being given to the impact upon small businesses. Politicians and administrators have had little conception of the demands that their measures place upon the resources of small enterprises and this usually results in their being put at a disadvantage.

The most resilient economies during the present recession have been those whose commitment to a substantial and dynamic small firms sector has been part of their Government's policy for over a quarter of a century.

It is in pursuit of these purposes that our Government should support small businesses and thereby ensure that all who work in independent companies can make the maximum contribution to the national economy and to the improvement of the quality of life including lower unemployment.

Roger W. Harris,
45, West Town Road,
Backwell, Bristol.

Venison

From Mr M Pearson

Sir,—Your article "Farmed venison for the super markets" in Weekend Brief (January 14) contains the inaccurate and damaging suggestion that venison from deer shot in the wild is "usually tough meat and most likely slightly putrid." You go on to suggest that many wild deer meet their death after first being shot in the stomach.

It might interest your readers to know that venison of the very highest quality from wild deer is now being successfully retailed in this country. The animals in question will have met an unsuspecting and instantaneous death.

It is also worth saying that wild deer go through none of the unpleasant processes associated with modern farming: their meat is quite simply the highest in protein, lowest in fat content, and therefore the healthiest, which is available anywhere. Those of us who take the trouble to produce it believe it should have a worthwhile future, to the benefit of employment in very isolated areas. Neither of these prospects has been encouraged by your article.

M. E. M. Pearson.
Rannoch Barracks,
Rannoch Station,
Perthshire.

Plundering

From Stephen & Elizabeth Usherwood.

Sir,—As authors of *The Counter-Armada 1596: The Journall of the Mary Rose*, reviewed December 31 issue by Dr A. L. Rowse, may we point out that we confined ourselves to people and matters relevant to the text of the journal? We did not "miss a specific reference to Cadiz at the beginning of *The Merchant of Venice*." This play was written two years before the expedition took place. As the author of the journal was Master of Ordnance, the information given on saltpetre, the main component of gunpowder, cannot be described as "padding out." Nor did we, as Dr Rowse asserts, fail to find out that Plymouth contributed a ship to the expedition. We gave her name, *The Prudence*, on page 40, together with the names of many other ships and the ports from which they came.

He also suggests that Raleigh deserved more credit than the Earl of Essex for the taking of Cadiz. How can this be, when Raleigh, incapacitated by a leg wound in the naval battle, did not even land, whereas Essex, the commander of the land forces, not only fought at sea, but was one of the first to scale the walls? Dr Rowse even fails to appreciate that the Queen's commission to the fleet said (page 19) "If the town belonging to the port . . . hath great riches and you shall understand that it is not able to defend itself, you may attempt the taking of such town and possess the riches thereof." Thus there was no question of loot sticking to everybody's fingers (Rowse's phrase). Plundering cities was a normal feature of 16th Century warfare and this expedition *turned* out to be self-financing, but in this case Essex forbade the customary massacre.

Stephen & Elizabeth Usherwood.
24 St Mary's Grove,
Canonbury, N.1.

Heathrow

From Mr A. Lucking

Sir,—From Mrs Atlee's letters (January 10, December 21), one can infer that even the present methods of air traffic control could achieve 300,000 air transport movements per annum at Heathrow, as opposed to the present arbitrary limit of 275,000.

Taking British Airports Authority's idea (January 13) further, the two main runways are far enough apart to be operated independently, once the new quiet aircraft are used exclusively. And is there no way that an additional short runway can be provided for the smaller aircraft? Because of their sensitivity to the wake of large aeroplanes, they absorb a disproportionate amount of main runway time. One might consider moving the 20,000 General Aviation movements to Northolt. I suspect too that American Controllers would find some way of using the third runway more or less continuously, and that they would not operate the airport to permanent bad weather rules, as is done at present. The highest demand is in high summer.

Some comparatively minor works at Heathrow would be an excellent bargain if Stansted can be deferred for a few more years. Public expenditure extravagances are intolerable now.

A. J. Lucking.
Flat 20,
17, Broad Court,
Bow Street, W.C.2.

Cigarettes

From Dr G. Myddelton

Sir, — Mr David Simpson (January 13) warns your readers against taking me seriously and compares me to a crank who believes the earth to be flat. Neither this jibe nor the bland assumption that the medical establishment is unanimous that cigarettes kill one in four smokers are valid arguments. The Astronomer Royal can produce conclusive scientific proof that the earth is spherical, but can the Royal College of Physicians find answers to the following questions about the cigarette mystery?

What chemicals in cigarette smoke are supposed to kill the smokers, how do they do it and why doesn't the same thing happen when similar smoke comes from a pipe or cigar?

Why does light cigarette-smoking in a man who starts smoking under the age of 15 appear to be much more lethal than even heavy cigarette smoking after the age of 25?

How can one be sure that the cigarette smokers in the statistical surveys, whose higher death rate is the sole evidence on which the theory is based, are the same in all other respects as the non-smokers and smokers of pipes and cigars?

(Dr) Geoffrey Myddelton,
Blue Moon,
1867 Gluilières-sur-Ollon,
Vaud, Switzerland.

The pirates are on the run

IT'S BEEN a mixed week for the companies supplying programmes for the world's booming video industry.

In the UK, the latest results from Thorn EMI showed that the war against video piracy is beginning to succeed. For the first time, the company has shown a profit on its video activities as a result of higher sales.

But in the U.S. the film-makers suffered a major set-back when the Supreme Court narrowly ruled (five to four) that taping television programmes at home does not violate federal copyright law.

It spelt the end of a seven-year judicial fight by the American film industry to force the manufacturers of video-cassette recorders to pay compensation on every VCR and tape they sell. The film-makers, who will now intensify lobbying efforts for changes in the law, argued that home taping was depriving them of revenues.

There are strong pressures in many countries—Britain included—to introduce a levy on blank audio and video cassettes to compensate copyright owners for a loss of income through home taping.

But whatever the outcome of the copyright issue, the battle against *professional* video piracy is making progress—at least in the UK—though it remains a major problem.

For example, the only pirate copies available in the UK of the new James Bond film Never Say Never Again have come from outside Europe and are of very poor quality, according to the Federation Against Copyright Theft (FACT), a body set up by the industry just over a year ago.

So why the change in a country once seen as a world centre for video-piracy? There are three main reasons:

● Amendments to the Copyright Act. These have made it an offence to possess a pirate video which enables the police to prosecute retailers. The police can also now get a warrant to search for suspected pirated videos. Most important, the penalty for professional video piracy has been increased from a maximum £50 to £1,000 at a magistrates' court and an unlimited fine and up to two years' imprisonment at a crown court.

● The industry itself has taken much more effective action—as shown by the foundation of FACT, whose head of investigations is Mr Peter Duffy, a former commander of the Metropolitan Police anti-terrorist squad. FACT has been closely involved with a number of cases which are being brought by the police against video pirates.

Peter Duffy, head of investigations at Federation Against Copyright Theft.

● Trading Standards Officers around the country have also taken action against a number of people selling counterfeit video tapes. One result has been that many video pirates no longer bother to counterfeit the packaging of pirated film, so that it is clear to anyone buying the film that it is a bootleg product.

Mr Robert Birch, director general of FACT, says that in 1982 video pirates had 55 to 60 per cent of the British market in pre-recorded videos worth a total of about £200m. "I would think it is now about 40 per cent," he says.

FACT's main target is the large-scale operator. An indication of the money to be made from piracy is that in one case, yet to reach the courts, the police confiscated professional film and video equipment worth well over £100,000. The equipment could reproduce 700 video-cassettes every day and could handle most types of film including wide screen.

Another result of the tougher action being taken is that pirated videos are found less in shops and are more commonly sold in factories, pubs and from cars or vans. "Unfortunately quite a lot of the public is willing to accept clearly illicit material," Mr Birch says.

But whatever the success of the anti-piracy battle, the controversy over domestic taping seems sure to rumble on. New technology has long outstripped copyright legislation in many countries. The law often takes little account of such recent phenomena as the mass use of video and audio cassette recorders, personal computers and even photocopiers.

The UK Copyright Act 1956 is quite clear; it is illegal to copy most broadcast television or radio or to make copies of pre-recorded cassettes even for straightforward home use. No one has ever been prosecuted for this everyday offence and it is clearly unenforceable.

Successive British governments have long acknowledged the need for changes in copyright law but there has been no sign of legislation. The Whitford Committee was set up in 1973 to look at it and reported four years later. The government finally produced a green paper on the subject in July 1981 and called for "full discussion."

There are indications that this government's enthusiasm for high technology has led it to realise the importance of copyright and the new electronic technologies.

Even though the government is more enthusiastic, legislation is unlikely this year. But the film and record industries are stepping up their campaigns for greater protection of their products. When the green paper was published the government was strongly opposed to a levy on blank tapes, arguing it would be discriminatory, difficult to collect and distribute, inflationary and easily evaded. No decision has been taken, but the government now seems much more neutral on the issue.

The government is also considering treating home video and audio taping differently. The argument is that people use video recorders to watch broadcast programmes at more convenient times and there is no loss of revenue because the owners of the copyright have been paid by the broadcaster. On the other hand audio recorders are used to tape broadcast or borrowed records which are frequently replayed, depriving the industry of actual sales. The European Commission is also considering treating audio and video differently.

The issue in the UK is further complicated as the Government is conducting a major review of film finance which is likely to result in the scrapping of the Eady levy on cinema seat sales. The film industry has argued that the levy should be extended to pre-recorded video sales. A statement is expected from the Government next month.

Film-makers also argue that people use videos for more than just "time shifting" broadcast programmes and are building libraries of films. This affects sales or rental of pre-recorded tapes and could have an impact on fees from cable or satellite television operators. And if video discs eventually become as commonplace as record players the distinction between usage of audio and video will become completely blurred.

Sweden, Austria, Hungary and West Germany already have some forms of levy. There is a 5 per cent levy in West Germany on the producer's price of recorders to reimburse copyright holders and a levy on tapes is likely to be introduced as well. Belgium, the U.S., Canada and Greece are also considering levies.

In Britain the strongest arguments for a levy on blank tapes has come from the British Phonographic Industry and the Musicians Union. The BPI has argued that it had been losing hundreds of millions of pounds as a result of home taping. The music industry's anguish over home taping was heightened by the slump in record sales in recent years compared with the heady days of the 1960s when the Beatles and Rolling Stones were at their height.

The record industry is now much more optimistic as British musicians — such as Duran Duran and Boy George — are conquering the U.S. again and boosting home sales. Mr Patrick Isherwood, the BPI's legal adviser, says: "We are no longer bleating for a subsidy or grant, we simply want compensation for our unenforceable rights."

...marbles amid mounting political controversy over demands that the sculptures be returned to Athens from the British Museum.

The marbles: how Greek ?

WHEN Lord Elgin's agents removed the sculptures from the Parthenon in the years after 1801, there were no protests from the Greeks. They had, it is true, few opportunities. The Ottoman authorities did not favour participative government and there were no opinion-forming media. But it is anachronistic to suppose that they felt any particular sense of outrage.

Greece today is a distinctive and homogeneous country as any visitor can see. In Lord Elgin's day, by contrast, it was merely part of the sprawling Ottoman Empire, ruled from Constantinople, which still covered most of the Balkans and the Middle East. The Greeks, who formed about a quarter of the empire's population, were widely scattered in communities all over the eastern Mediterranean.

The chief cities of the Greek world were Constantinople, Smyrna, and Bucharest. Athens was a small town of 10,000 inhabitants. Piraeus was non-existent except for a few ruins and a customs house. Only in mainland Greece and in some of the Islands were the Greeks in a majority, and everywhere in the territory of present-day Greece there were large Turkish and Albanian minorities who had been settled for several hundred years.

The Greeks were the Orthodox Christian inhabitants of a multinational empire in whose institutions they participated and whose economy they dominated, proud members of a Byzantine theocracy superseded but not entirely destroyed by the Turkish conquest in 1453. The notion that they might also be the heirs of the Ancient Hellenes was a novel foreign importation, deeply shocking to many sensibilities.

When classical ideals began to reappear in Greece from Western Europe in the late 18th century, the Church which had given Greeks their sense of identity for more than a thousand years fought a bitter rearguard action to turn them back. Books were banned. Parents were forbidden to give their children Ancient Greek names—Constantinos, Georgios, Demetrios and other saints were permissible but not Miltiades, Pericles, Aristotle. There were many ecclesiastical fulminations against Liberty.

But nothing the patriarchs were able to do could stop the surge of nationalism, and it advanced rapidly among Europeanised Greeks and in the territory of Greece itself. Greeks, it was increasingly considered, should not be content to be the second religion and second nation of the empire. By regenerating their country, they could forget the long humiliating centuries of Byzantine and Ottoman rule and reclaim a long lost ancient heritage.

Romantic foreigners contributed to the process. When travellers heard the inhabitants of Marathon and Salamis tell stories of ancient times, they were delighted to think they had discovered a genuine tradition. Often, however, the locals were repeating stories they had picked up from other Western influences. Like a friend of mine who some years ago was doing research in Jordan into the life of Lawrence of Arabia and was taken to meet an old Bedouin full of interesting stories derived from seeing Peter O'Toole and Omar Sharif in the film.

The Parthenon is now a symbol of Greek cultural unity

Less than 10 years after Lord Elgin's operations in Athens, Lord Byron heard a prophetic remark from a Western-educated Greek in northern Greece. "You English are carrying off the works of the Greeks, our forefathers. Preserve them well. We Greeks will come and redemand them." For Byron the removal of the sculptures was a telling illustration of Greece's ignominious slavery, of Europe's failure to come to her aid, and of Britain's pride. His Grecian tales helped to spread belief in the identity of Ancient and Modern Greeks and in the need for a violent nationalist revolution.

The mountains look on Marathon,
And Marathon looks on the sea;
And musing there an hour alone,
I dreamed that Greece might still be free.
For standing on the Persian's grave,
I could not deem myself a slave.

In one of his poems he attacks Lord Elgin as a mean grasping Scotsman from a land of thistles where the rain "dilutes with drivel every drizzly brain"—a smear on a respected ethnic minority which some of us resent. He laughs at the breakup of Elgin's marriage; he attributes the skin disease which he contracted in Turkey to syphilis; and he even suggests that Elgin's handicapped child is a result of Athena's curse for removing the Marbles. Some of Byron's humour reaches the levels of Private Eye on a bad day.

Like many propagandists, however, Byron did not wholly swallow his own line. What does it matter, he wrote in the prose notes to his most influential philhellenic poem, if the Modern Greeks are descended from the Ancient Greeks? "What Englishman cares if he bears Danish, Saxon, Norman, or Trojan blood? Or who except a Welshman is afflicted with a desire of being descended from Caractacus?"

Nevertheless it is, in some small part, due to the interest caused by Byron and by his death at Missolonghi in the cause of Greek freedom, that Greece became independent and is now a modern European nation. At all the great international crises since independence, the Greeks have sided with the Western democracies, which in their turn continue to regard Greece differently from other countries in the eastern Mediterranean. Were it not for the link with the ancients, Greece might not be a member of the European Community, able to participate in endless discussions about the olive oil lake and the citrus fruit mountain.

Demands for the return of the Elgin Marbles began in the 1830s shortly after the establishment of the independent Greek state, and they have been repeated at intervals ever since. The Parthenon is now a symbol of the cultural unity and continuity of the Greek nation. If Pericles intended the building to celebrate the dominance of Athens over other Greek city states, and if in earlier centuries some of the sculptures were defaced as pagan superstitions, Modern Greeks see it with different eyes. During the German occupation it became a powerful focus of hope. Foreigners who, without denying the present reality, note that it was not always so, are liable to find themselves accused of ignorance, paternalism, neo-imperialism or worse.

Neither is the history of much relevance to the question of the possible return of the Marbles in the changed conditions of the 1980s. However, I think it is fair to suggest that those who assert an identity with the sculptors of the Parthenon should also embrace the tradition of honest historical inquiry which is another part of the classical heritage which we owe to the same astonishing generation. Culture does not lie in the objects—very nice although it is to have them—and the case for the return of the Marbles is not strengthened by unfairly attacking the memory of Lord Elgin or by making out Greek history to be more Hellenic than it really has been.

William St Clair is the author of Lord Elgin and the Marbles, OUP, £4.50. His column on book collecting will appear Saturday week.

Weekend Brief

Sparks fly in the Communist Party of GB

NEXT WEEK may see a climactic confrontation between the "new" and the "old" guards in the Communist Party of Great Britain—the outcome of which may have some considerable importance for the future of politics of the Left in this country.

"Old" and "new" are in inverted commas because there is no generally accepted way of describing the two camps. The majority on the party's executive is commonly referred to as Euro-communist, as a way of describing its acceptance of some—not all—of the liberalised notions of the Italian Communist Party, and some—by no means all—of the Italian CP's criticisms of the Soviet Union. In brief, the party's leadership believes in the "democratic" road of winning power for a leftist Labour Government with Communist support: if pushed it would concede that such a government might at some point give way to another.

Mr Tony Chater, Editor of the Morning Star and Mr Mick Costello.

The opposition camp has been commonly called Stalinist, but it rejects that angrily — and is right to do so. Stalinism has been officially dethroned in the Soviet Union since Krushchev's "secret speech" in 1956 pinned all the blame for everything horrible on the old dictator — and the opposition camp in the CPGB is, in varying degrees, loyal to the Soviet line.

This is the underlying and most common divergence between them: but the oppositionists believe that the leadership group has become enamoured of fads like feminism, and less concerned than it should be with stressing the primacy of the working class. For its part, the leadership sees the opposition as rigid, old fashioned and hopelessly wrong in the reading of political trends.

The opposition camp's redoubt has been the Morning Star, the daily paper which publicises the CP's views. It is formally wrong to say it is the Party's paper, since it is not owned by it. It is owned and controlled by the People's Press Printing Society, the executive of which supports the opposition line.

The party executive has tried and failed to gain control of the PPPS. It has, however, managed to get a majority at the Party Congress last year to vote for its resolutions (and vote down those of the opposition. Mr Tony Chater, the Morning Star editor, was voted off the party executive.

A meeting of the executive last week passed a resolution to the effect that Mr Chater and Mr David Whitfield, his deputy, "ought to" resign as editor and assistant editor of the Star. Mr Gordon McLennan, the CP's general secretary, asked for an early meeting with the PPPS executive, which he has not yet been granted. When he is — perhaps towards the end of next week — we should see sparks fly.

The importance of this is twofold. First, the Eurocommunist current, labelled as reformist or even right wing by Labour Party left wingers, is a source of inspiration for Mr Neil Kinnock, Labour's leader, and his advisors. Its development could thus indirectly affect Labour's policies.

Second, the pro-Soviet camp has a certain strength in the unions. One of its main stalwarts, Mr Mick Costello, industrial correspondent of the Morning Star, was the party's active and respected industrial organiser until last year. A final and decisive split between the two wings could set Communist against Communist in the area where they have always had most influence — with incalculable consequences.

The row over the Riace bronzes and L.A.

ART experts and politicians, never the most compatible of types, seem to be heading for a serious clash in Italy. The Government wants to send two of Italy's most prized art treasures to an exhibition in Los Angeles to coincide with this summer's Olympics. The art experts are saying no to the idea for a host of reasons.

The treasures involved are the Riace bronzes, two extraordinarily striking statues of naked Greek warriors dating from the 5th century BC. They were discovered only 12 years ago by a diver off Riace on the coast of Calabria, where they had presumably been shipwrecked on their way from Greece to Rome in ancient times. Magnificently restored they went on show in the little museum of Reggio Calabria in 1981 after little more than token showings in Florence and Rome.

The bronzes caught the public imagination at the time, partly because of their almost miraculous discovery, partly because of their menacing mien. The idea emerged that sending them to Los Angeles to make the most of the current enthusiasm for Italy that there is said to be in the U.S., and partly to encourage Italian exports and tourism.

Then the implication began to sink in. Was it really justifiable to end the bronzes' dignified isolation in Reggio Calabria for a scratch exhibition of Italian "culture"? Could Greek statues, perhaps by the caster Phidias himself, be presented as examples of Italian culture anyway? Wasn't the reason for sending the bronzes too blatantly commercial? Would seeing the bronzes really encourage people either to buy Italian goods or come to Italy?

The debate of the last few days has raised the whole issue of transporting art works, which has not been without its disasters (a statue sent to the current Venice Exhibition in London arrived broken in two). A majority of the 12,000 people who telephoned the state radio to record their views came out against the idea of sending the bronzes to Los Angeles.

On Thursday an official committee of art experts asked by the Government to consider the idea of sending the bronzes came out strongly against. The statues are far too fragile and sensitive to changes in climate to be moved, and the reason for moving them far too tawdry, they said.

That may not be the end of the matter, however. The final decision will be political and several ministers have already committed themselves heavily to the Los Angeles idea, while the Prime Minister, Sig Bettino Craxi, was earlier said to be enthusiastic. After the experts were so damning the word was put round that he had an open mind on the matter. We should know in the next few days.

A water crisis for 16m Mexicans

THE 16m residents of Mexico City have been asked to place a brick in the tanks of their lavatories in order to save water which began to be rationed this week. The theory is that by placing a brick in a tank the flow of water is reduced from 25 to 23 litres each time the toilet is flushed.

But there may not be an overwhelming response to the request from the city's authorities. The Mexican construction industry is in a depression and there is a shortage of bricks, because their production has been cut.

Several million slum dwellers do not have lavatories anyway or for that matter any form of running water. Slum areas depend for their water supplies on sporadic visits by water lorries.

Now Mexico City's rich, who live in areas like Las Lomas above the capital's atrocious smog, are suffering water cut-offs lasting several hours. Some of the residents of this area have taken to filling up the boots of their cars with cans of water obtained from taps in the street.

Mexico City once had an abundant supply of water from the series of lakes on which it was built. In the seventh century AD, Teotihuacan, the ancient ancestor of Mexico City was one of the world's biggest and most beautiful urban centres with a population of 125,000.

But the lakes long ago dried up, and the city's annual population increase of 800,000 is producing intense pressures on an already dire situation.

Today much of the water has to be pumped up to Mexico City which is 7,300 ft above sea level. The shortage is caused by a drop in the supply due to maintenance work and a crumbling underground pipe system in the city. Officials say that of the total supplies of 40 cubic metres per second, six are lost because of broken mains. Some of the cracks in pipes were detected as long as 80 years ago. The budget for Mexico City is so tight and the different demands so great that there is no money to repair the cracks.

A great deal of water is also wasted through excessive car washing—which provides jobs for the city's destitute children as there are 2m cars — and watering the lawns of the rich. Car washers think nothing of hosing down vehicles.

Matters have also not been helped by the drilling of several hundred wells in the Valley where the city is located. The extraction of water from underground beds has led to a steady sinking of the land on which the city is built—some 30 feet this century according to estimates. Some parts of the city are sinking more quickly than others and in this uneven settling water mains have broken.

The authorities are planning ambitious schemes to bring in more water from coastal and mountain valleys 3,000 to 6,000 feet below Mexico City. One of them, the Cutzamala system is partially completed but it cannot be finished until a technical problem is resolved.

The water is planned to come down a mountainside in a 95-inch pipe at great speed, but the underground pipes are so small that the force of the water would rip open streets.

If the problem is bad now, what will it be like in the year 2000 when, according to World Bank estimates, the population of Mexico City will have doubled to 32m?

Contributors:
John Lloyd
James Buxton
William Chislett

BUILDING SOCIETY RATES

	Share a/cs %	Sub'pn shares %	Others %	
Abbey National	7.25	8.25	8.25	7 days' notice. No interest penalty
			8.75	Higher Interest acc. 90 days' notice or charge
			6.00-7.50	Cheque Save
Aid to Thrift	8.50	—	—	
Alliance	7.25	8.25	8.25	Monthly Income—3 months' notice
			8.50	28 days' notice. Imm. withdwl., 28 days' penalty
			8.25	7 days' notice. No interest penalty
Anglia	7.25	8.25	8.75	3-year Bond. No notice. 3 months' penalty
			8.50	Capital Share. No notice. 1 month's penalty
Bradford and Bingley	7.25	8.25	8.50	1 month's notice or on demand
			8.25	7 days' notice
Britannia	7.25	8.25	8.25	7 days' notice, 8.50 2 months' notice
Cardiff	8.00	8.75	—	
	*8.50	—	—	*Share account balance £10,000 and over
Catholic	7.50	8.50	8.50	6-month deposits. Monthly income
Century (Edinburgh)	7.75	—	8.75	2/3 years. Details supplied
Chelsea	7.25	8.25	8.75	Immed. withdrawal (int. pen.) or 1 mth.'s not.
Cheltenham and Gloucester	7.25	8.25	8.25	Gold account £1,000 + no notice no penalties. Monthly interest. £5,000 minimum, 8.57 if compounded
Citizens Regency	7.50	9.00	8.40	plus account no penalty. Double option 8.50
City of London (The)	7.50	8.25	9.00	6 months' notice—no penalty
Derbyshire	7.25	8.50	9.00	8.25 1 month's not., 7.75-8.60 3 months' notice
Greenwich	7.25	8.50	8.50	(max.) at 28 days' notice/penalty
Guardian	7.50	—	8.75	3 months, £1,000 minimum
Halifax	7.25	8.25	8.25	Xtra Interest, 7 days' notice, no penalty
			8.50	Xtra Interest PLUS 28 days' notice, no penalty
			8.75	Special Inv. Cert., 3 months' notice/penalty
Heart of England	7.25	8.50	9.00	8.25 5-day Notice Account
Hemel Hempstead	7.25	8.50	8.75	3 year, 8.50 28 days
Hendon	8.25	—	8.75	3 months
Lambeth	7.50	8.75	9.10	28 days plus loss of interest, 8.25 3 months
Leamington Spa	* 7.35	—	8.50	Top Ten. 8.75 Lion Share
Leeds and Holbeck	7.25	9.00	9.00	2 years with monthly int. 8.75 1 month's pen.
Leeds Permanent	7.25	8.25	8.50	Ex. Int. £500 min., 28 days' notice/penalty
Leicester	7.25	8.25	8.25	3 months. 8.825 3 years
London and Grosvenor	7.75	—	8.25	High Yield (1 month)
London Permanent	7.75	—	8.75	1-year term. Imm. wdl. with loss of 1% bonus
Midshires	7.25	8.75	8.75	3-yr. term with 0.5% bonus on mat'y if reinv'td.
Mornington	8.50	8.50	—	
National Counties	†7.55	8.55	8.10	28 days' notice & loss of interest. † £1,000+
National and Provincial	7.25	8.25	8.50	1 month's notice plus monthly income
Nationwide	7.25	8.25	8.75	Capital Bonds, 3 yrs., £500 min. wdl. with 90 days' loss or notice. Bonus account 8.25, £500 minimum withdwl. with 28 days' loss or notice
Newcastle	7.25	8.50	8.75	4 years, 8.25 28 days' notice, or on demand with penalty, 8.50 90 days' notice, or on demand with penalty
Northern Rock	7.25	8.50	8.25	7-Day Moneyspinner, 7 days' not. wdl. no pen.
			8.75	Premium Moneyspinner on demand, 28 days' loss of interest on amount wdn.
Norwich	7.25	8.50	8.50	City Account, immed. withdls. with no penalty
Paddington	7.75	9.25	8.75	1 mth.'s not., or 1 mth.'s int. loss on sums wdn.
Peckham	8.00	—	8.25	1 month, 8.50 2 years, 9.00 3 years
Portman	7.25	8.75	8.75	Two month's notice, 8.25 no notice
Portsmouth	7.55	9.05	8.40	5 years, 8.00 6 months, 8.50 1 month
Property Owners	7.75	9.00	8.75	28 days, 8.75 3 months, 8.50 monthly income
Scarborough	7.25	8.50	8.25	Money Care and Free Life Insurance
Skipton	7.25	8.50	8.25	£1,000-£4,999 Sovereign, no penalties, no notice
			8.50	£5,000+, no penalties, no notice
Stroud	7.25	8.50	8.85	3 months, 8.25 1 month no penalty with notice
Sussex County	7.25	9.00	8.25	7 days' notice, 8.50 Sx.Sh., 7.50 Sh. a/c £2,500+
Sussex Mutual	7.50	9.00	8.75	1 month's notice/immed. with 28 days' penalty
Thrift	8.15	—	9.15	3-year term. Other accounts available
Town and Country	7.25	8.25	8.75	3 yrs. ½-yrly. int. Monthly income dwl. facility
			8.50	7 days' notice no interest penalty. ½-yearly int.
Wessex	8.30	—	—	
Woolwich	7.25	8.25	8.25	7 days' notice
			8.50	28 days' notice or on demand (interest pen.)
Yorkshire	7.25	8.25	8.50	Diamond Key, 60 days' penalty or 2 months' notice without penalty

All these rates are after basic rate tax liability has been settled on behalf of the investor.

Marginal midway fall at Davy

TURNOVER OF Davy Corporation fell from £365.70m to £314.78m in the half year to September 30 1983 and pre-tax profits were down from £3.08m to £3.03m.

As regards the second six months, the directors say it is not yet possible to predict with any certainty its outcome, as the company is involved in several negotiations whose outcome would affect results. However, they expect the period to be similar to the first half, in which case profits for the full year would be around £6.06m compared with a depressed £9.27m (£20.42m).

For the six months under review, earnings per 25p share totalled 2.7p (3.4p) and the net interim dividend is held at 1.1p. Last year's total payment was 3.685p (7.37p).

Midterm there were extraordinary debits of £2.24m (£8.8m) which comprised reorganisation and closure costs and profits on disposal of property.

The directors report that there has been some improvement in results of the companies manufacturing and service companies, although Head Wrightson Teesdale, the fabricating company, is still showing losses.

Looking ahead they say the company is beginning to see some increase in level of firm enquiries in a number of market areas, but the timing of orders is uncertain.

In the engineering and construction companies orders so far this year are still below the level required to make satisfactory profits, even after the large reductions in operating costs which were made last year.

In his last report to shareholders, Mr H. P. N. Benson, chairman, emphasised that an improvement in profits in the current year depended on receiving some large orders in the near future. In the event, the group has been successful in obtaining an order from British Steel Corporation for the modernisation of the Port Talbot rolling mill and a blast furnace for South Korea is now in the final stage of negotiation.

However, several large contracts that the group expected have been delayed; the steel plant for the Philippines, for which it has a letter of intent, is unlikely to be built in the near future, and the refinery in Thailand has been delayed by financing problems but the directors are now more hopeful.

The group is continuing to reduce its costs and in the half year charged £1.4m of redundancy costs against the pre-tax profits. It has recently decided to close its Belgian office and restructure German operations and these costs have been anticipated and have been charged as extraordinary items.

On the other hand, Davy is entering new fields appropriate to its contracting capability. It has formed a joint venture company with British Rail to undertake international transportation projects, and is establishing a new joint company to manufacture umbilicals for North Sea oil rigs using its workshop and quay on the Tees.

Davy's principal activities include engineering and construction for petroleum, chemicals, minerals and metals and other industries, and design and manufacture of machinery for metals and other industries.

See Lex

OFT inquiry into Lloyds' stake in Royal Bank

THE Office of Fair Trading is investigating Lloyds Bank's recent acquisition of a 4.9 per cent stake in the Royal Bank of Scotland to see whether it constitutes a possible merger which should be referred to the Monopolies Commission.

The acquisition brought Lloyds' total stake in the Royal to 21.3 per cent.

Specifically, the OFT wants to determine whether Lloyd's holding puts it in a position where it can "materially influence the policy of a body" under Section 5 of the 1973 Fair Trading Act. If so, the OFT would ask the Trade and Industry Secretary to refer it to the Monopolies Commission.

Lloyds said at the time of the purchase last month that it did not intend to make a full bid. It raised its stake, it said, to protect itself against others seeking to buy Royal or Lloyds and Scottish, the finance house jointly owned by the two banks. The Royal described Lloyds' move as "unwelcome."

The Royal Bank was at the centre of a Monopolies Commission investigation only three years ago when it was the object of rival bids by Standard and Chartered Bank and the Hongkong and Shanghai Bank.

Crystalate

Following the annual meeting of Crystalate Holdings, Mr John Leworthy, the chairman, said there had been a total of 25 approaches concerning the possible sale of the Royal Worcester china business, acquired as part of the £23m takeover bid.

The Crystalate board was likely to decide within the next two months whether to keep the business, or sell. But, said Mr Leworthy, "the City generally tends to advise us that we should stick to electronic activities, which we know most about."

Earlier, during the meeting and answering a question from a shareholder regarding the possibility of Racal seeking a likely acquisition such as Crystalate, he said: "If they come to us we would expect them to pay an exciting price."

* * *

APA Venture Capital Fund, the UK institutional fund, is investing £500,000 for a 25 per cent stake in Package Programs, the applications software supplier. Mr Roy Taylor, chairman and managing director of PPL, said that the investment and APA's involvement would assist the company's programme of expansion and acquisition, leading to an intended flotation.

GrandMet £12m expansion of bookmaking interests

BY CHARLES BATCHELOR

Grand Metropolitan, the brewing hotels and leisure company, has bought the James Lane Group, which owns 66 betting shops, mainly in South London, for £12m in shares, cash and loan stock.

GrandMet last year announced its intention of expanding its Mecca Bookmakers chain of around 620 betting shops by the purchase of small groups of profitable outlets. No details were available of the James Lane operation however.

Grandmet has made an initial payment comprising 916,731 of its own shares—worth £3.16m at yesterday's closing price of 346p, £7.8m nominal worth of floating rate unsecured loan stock 1984-94 and £1.2m in cash.

It may have to pay up to an extra £500,000 depending on the net asset value of Lane at December 31 1983 and on the operating results of Lane between January 1 1984 and completion.

Ladbroke Group, another UK company with extensive betting operations, announced on Monday that it was bidding £16.3m for a race track in Phoenix, Arizona with the aim of setting up an off-track betting operation in the state.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Davy Corp. ......int.	1.1	April 6	1.1	—	3.69
Andre de Brett ......int.	1*	April 6	1	—	2.5
Greenfriar Invst. ......int.	2.7	—	2.3	2.7	2.3
Gresham House ......int.	1.4	—	1.4	—	4
Haynes Publishing ......int.	3.5	April 30	3.5	—	11
Benjamin Priest ......int.	nil	—	0.1	—	0.1
Wm. Sommerville ......int.	0.55	Feb 25	0.55	—	1.1
Stirling Group ......int.	0.7	March 30	0.5	—	1.25

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted companies.

London listing for warfare Systems group

E-Systems, the largest advanced electronic warfare systems manufacturer in the Western world, is planning to seek a listing on the London Stock Exchange.

The company, quoted on the New York Stock Exchange, has a strong growth record. Sales for the first nine months of 1983 increased by 9.6 per cent to $734.4m and pre-tax profits rose by 58.2 per cent to $61.1m.

Further improvements in margins are expected in 1984. Orders received in the third quarter of 1983 reached a record.

Electronic warfare systems accounted for 58 per cent of profits in 1982 and 49 per cent of sales. Command, control and communications accounted for 20 per cent of profits and 26 per cent of sales. The remaining products are in aircraft maintenance and guidance, controls and navigation.

E-Systems' chairman, Mr John Dixon, will announce final-quarter results at the end of January and explain the reasons behind the London listing and the company's plans for expansion.

Barclays SA

Barclays National Bank, South African subsidiary of Barclays Bank, last year lifted net profit by 23.7 per cent to R123.6m. Operating income jumped to R206.2m (R152.5m), more than double its level five years ago.

Barnal is Barclays' largest overseas subsidiary and the biggest banking group in South Africa. Besides traditional banking activities, it has interests in factoring, insurance broking, home finance and vehicle leasing.

The group announced last month that it is to acquire a 30 per cent interest in the country's third largest insurance company, Southern Life Association, at a cost of R125m.

Greenfriar Inv

The net assets of Greenfriar Investment Company ordinary share climbed from 315.1p to 475.9p per 25p share for the year to December 31 1983.

The dividend is raised from a single 2.3p to 2.7p net and a one-for-one scrip issue is proposed. Earnings per share were 3.31p, against 2.73p.

Gross income for the 12 months was up from £353,216 to £447,801, struck after interest charges of £175,179 (£144,403) and administration expenses of £71,717 (£51,477). Tax took £68,427 (£47,951) and extraordinary debits were nil, compared with £22,242 representing warrant issue expenses.

Andre de Brett 50% lower

DESPITE a rise in turnover from £2.41m to £2.94m, taxable profits of Andre de Brett, direct mail order house, were some 50 per cent lower at £204,000 for the six months to September 30 1983, against £407,000 in the corresponding period of 1982.

Profits however, showed an improvement on the £148,000 made in the second half of last year, when results were affected by the start-up costs of new ventures into menswear and direct retail sales.

Mr Jack Linton, the chairman, says it is not easy to forecast the outcome of trading for the remainder of the year, as February and March are traditionally the company's peak trading months. But in his next statement, he hopes to report a continued improvement in the company's fortunes.

The net interim dividend is maintained at 1p per 10p share—last year's final was 1.5p.

Trading profits for the period dropped from £391,000 to £254,000, before interest payable of £50,000 (£16,000 receivable).

Tax took £101,000, against £212,000, and earnings per share were down from 2.44p to 1.29p.

During the current year the costs of the menswear mail order operation have been reduced, while sales have increased and this trend is expected to continue.

Although the mail order market has been showing little growth, the chairman feels that the new style spring/summer ladies' catalogue—will help to increase the company's market share.

The company now operates five shops in the UK, including a new unit at Wood Green, London, opened just before Christmas. The retail division is considering further openings and plans are well advanced for the opening of another London shop at West Ealing.

The Norwegian subsidiary produced good results, the chairman states, and the initial results of the Dutch company were encouraging. But Mr Linton says he is disappointed at the slow progress of the Swedish operations.

● **comment**

Andre de Brett has yet to prove that its expansion into menswear and retailing will pay off. These profits are actually well up on the second half of 1983, but earnings in that period were depressed by mounting development costs. The latter should tail off sharply in the current half, but they will leave the balance sheet gutted with borrowings, which have risen from nil to nearly 90 per cent of shareholders' funds in the past year. Meanwhile, the bulk of profits still comes from mail order, which unlike de Brett's customers is showing very little growth. But the directors are confident that their new-found high-street presence will allow them to fill more readily the ample room that exists in an undeveloped market for outsize clothing. The shares slipped 2p to 44p—against the 1982 placing price of 60p—where the group is capitalised at £3.5m.

Benjamin Priest reduces midway loss to £160,000

A REDUCED LOSS before tax of £160,000 has been produced by Benjamin Priest Group for the six months to September 30 1983, compared with £324,000. The board says the outlook remains uncertain.

There is again no interim dividend and the half-time loss per 25p share decreased from 1.91p to 0.95p on a nil distribution basis. This follows last year's final dividend of 0.1p net, on a pre-tax loss of £647,000.

Most of the companies of the group, which makes building products, fasteners, drop forgings and fittings, made a profit for the half year. However, the losses of Integrated Handling and S. Taylor, which depend on customers' capital investment projects, prevented the group's return to profitability.

The board has examined viability of the markets for lifting tackle to enable the drop forging division to improve its profitability. It concludes that the return from most lifting tackle products over the longer term will not be sufficient to justify continued large investment in stocks and manufacture.

The group, therefore, will end the manufacture of most of these products and it is taking steps to reduce stocks.

Although this decision was made after September 30, interim accounts include an extraordinary debit of £960,000 to cover redundancy costs and the estimated stock losses on disposal and to improve liquidity. This provision compares with an extraordinary debit for the previous second half of £475,000, which represented half the cost of reorganising the drop forging division.

Last year, the company paid dividends totalling 1.25p (1p) and taxable profits rose by £0.17m to £1.25m reflecting the continuing upward trend of the business.

Turnover for the first six months was £19.02m, against £20.9m. Interest took £482,000 (£613,000). There was again no tax charge.

Stirling Group advances to £694,000

Stirling Group, the Manchester-based garment maker, has maintained progress in the first half of its 1983-84 financial year. Sales to September 30 were ahead at £8.85m, against £7.23m last time and pre-tax profits climbed from £549,000 to £694,000.

The net interim dividend is being lifted from 0.5p to 0.7p per 20p share. The directors confirm that this increase is indicative for the full year and they intend to reduce the existing high dividend cover to improve the yield on suitable occasions.

On prospects for the current year, the directors said in the last annual report that order books were satisfactory and the company was well positioned to benefit from any consumer demand at a better level and a resumption of growth in world economies. They say no reason why progress should not continue and be maintained in 1984.

Half-yearly earnings per share showed an increase from 4.71p to 5.69p, after tax higher at £361,000, against £285,000.

Gresham House down to £63,000

Pre-tax profits at Gresham House, investment trust, were down from £302,000 to £63,000 in the six months to June 30 1983. The interim dividend is held at 1.4p net—last year a total of 4p was paid from pre-tax profits of £542,000.

The directors say the first half reduced profit arises from a loss in a partly-owned subsidiary caused mainly by the delay in disposing of certain completed developments. It is expected that this subsidiary will return to profit in the current year.

After minority credits of £62,000 (£124,000 debits), group mid-term net revenue was £125,000 compared with £120,000—there was no tax charge.

Earnings per 25p share improved marginally from 2.9p to 3p.

Renwick in retail travel sale

BY DAVID DODWELL

Lunn Poly, the retail travel arm of Thomson Travel, has acquired Renwick's 52 High Street travel offices in a deal worth £1.98m.

On completing the deal, Mr Ken Holmes, Renwick's finance director, yesterday forecast "a tough battle in travel retailing over the next two years."

"Size is going to be all important," he said. "We had to become bigger by acquisition, or our offices had to be merged with those of someone else."

As a result of the purchase, Lunn Poly will have over 130 outlets, with combined annual retail sales of £150m. Renwick offices, concentrated south and west from Birmingham, are understood to complement well Lunn Poly's operations, which focus on London and the south east.

The sale reflects a strong trend towards merger in the retail travel business. In November last year, Hogg Robinson Travel paid a mere £1.83m for the 93 travel shops owned by Wakefield Fortune Travel.

The retail travel business is now dominated by four groups—Pickfords, Thomas Cook, Hogg Robinson and Lunn Poly.

Renwick's is best known as a shipbuilder, and since the group was taken over in 1981 by Kangra International Holdings, a South African company controlled by Mr Graham Beck, a number of "non-core" businesses have been disposed of. Mr Holmes said yesterday that no further disposals were envisaged.

At the time of the sale, Renwicks Travel will have net assets of £50,000. In the year to April 2 1983, the operations included in the sale incurred a pre-tax loss of £240,000 on a turnover of £26m.

Out of the proceeds of the sale, Renwick Group will repay net indebtedness in the travel group, after which the net cash receipt is expected to amount to £100,000.

Renwicks will retain a sole travel office in Jersey, along with the Sanward tour operating business, and Allens and Blue coaches.

Hanson acts after bid go ahead

BY RAY MAUGHAN

Hanson Trust was quick to respond to the formal clearance by the Office of Fair Trading of its bid for London Brick as it despatched its formal offer documents in support of its revised £212m offer.

Hanson is offering either 145p cash for every London Brick share or 150p nominal of 7 per cent loan stock convertible during February in any of the years between 1988 and 2004 at the rate of one Hanson ordinary share for every 195p nominal of stock.

The loan stock offer, Hanson tells London Brick shareholders, has been introduced to eliminate the need to incur a capital gains tax liability at this time. Hanson calculates that ordinary London Brick holders "are also being offered a 78 per cent increase in income, even taking account of London Brick's recently announced recommended final dividend for 1983 on the ordinary stock units."

Lord Hanson, chairman of Hanson Trust, explains that "our increased offer is based on a generous assumption about prospects for London Brick in 1984 and our expectation that a revaluation of assets would show a substantial surplus above the book value of 55p per ordinary stock unit in the last audited balance sheet."

The convertible element of the offer, which closes on February 3, has risen in value since it was first announced, given that Hanson's share price has climbed from 270p to last night's price of 282p, down 3p on the day. Lord Hanson reminds London Brick shareholders that "the stock units were 104p before our original offer and 71p as recently as August 1983."

Two trusts set for management changes

MANAGEMENT changes are planned at two investment trusts with Imperial Life Assurance Company of Canada to take over at British Empire Securities and General Trust, and Stanecastle Assets to come in at the Shires Investment Company.

Imperial Life, which has a 24.3 per cent stake in British Empire, has agreed with its board to assume responsibility for its investment portfolio.

Trading resumed in British Empire yesterday at 28p, unchanged on the suspension price on Monday. The company has net assets per share of 27.3p and have a total portfolio worth £5.5m.

If shareholders approve this move Imperial Life will shift the emphasis of investment from income to capital growth. This will be achieved by a greater degree of portfolio concentration and putting up to 25 per cent of the portfolio in unlisted investments, including venture capital.

Imperial Life intends to maintain the dividend level of 0.9p per share in the current year though it is giving no commitment for the future.

It is willing to take up any shares which shareholders wish to sell at the net asset value on the closing date of the offer, subject to a limit on its holding of 29.9 per cent. Any additional shares offered would be placed with investors unconnected with Imperial Life so as to avoid *triggering a full bid*.

Imperial Life is seeking to place four new directors on the British Empire board. They are Roger Wain, John Walton and Iain Tweedale, all Imperial Life executives, and Clive Gilchrist, a senior investment manager with Postel Investment Management.

Brian Parker and David Loeb would retire from the Empire board. An extraordinary shareholders' meeting has been called for February 13.

Stanecastle Assets, a recently-formed investment management company, is to take over control of Shires' portfolio. It will also raise £2m cash by placing new Shires shares with a number of institutions at a price equal to net asset value. This will increase assets available for investment by about 40 per cent.

Shires net asset value per share is currently 193p, while its portfolio is worth £4.88m. Shire's shares rose 4p yesterday to 188p.

Warrants will be issued to both existing and new shareholders on the basis of one for every five shares held giving the right to subscribe for one new 50p share at 182p in 1985-93. This would raise about £1.3m.

The Shires' board said it believed a full time professional investment manager should be appointed. Stanecastle plans to maintain the shares as a high yielding investment with the target of a 3 per cent dividend increase per year for five years.

Stanecastle will invest the Shires assets mainly in the UK in high yielding equities, with up to 25 per cent in unlisted investments.

Shires proposes paying a second interim dividend for the year ending March 31 1984 which will be not less than the final dividend of 8.8p declared in June 1983.

Subject to the approval of an extraordinary shareholders meeting to be held on February 13 Sir Russell Sanderson, chairman of Yorkshire and Lancashire Investment Trust, and Mr John Walton of Imperial Life Assurance Company of Canada, one of the institutions which will take up the new shares, and Mr William Ferguson Forsyth of Stanecastle, will be appointed to the board.

Results due next week

The market has come to expect a lot from financial services group Mercantile House, particularly after its exceptionally well-timed acquisition of Wall Street broker Oppenheimer in August 1982. Oppenheimer will do much to account for the growth in profits for the six months to end-October (due on Tuesday), if only because it was consolidated for only six weeks in the comparable period last year. Its broking profits have already been announced—£1.4m—and its fund management results are also expected to be usefully ahead. Broking in U.S. government securities should also have done well, and a slight improvement is expected in money broking and commodity broking. The spread of forecasts is wide, from £27m at the bottom end to £31m at the top (£13.1m last year).

The City still expects duplicator group *Gestetner* to recover from its recent disasters, but the immediate outlook is uncertain. *The full year results to early* November, due on Wednesday, should certainly represent a better second half performance than last year, when the group recorded a pre-tax loss for the six months of £7.6m. Much will depend on progress made in the U.S. operation, where the disastrous results of a switch in marketing policy became apparent just over a year ago. Progress is now being made under new management, but some analysts suggest that U.S. losses in the past year could have totalled as much as £5m. Also hard to predict is the scale of exceptional costs, since Gestetner has been hard at work cutting back staff and product numbers throughout the group. Estimates for pre-tax profits lie in the £5-6m range, against last year's loss of £3m.

The publication on Tuesday of Rank Organisation's preliminary *results for the year to October 31 1983 will be the first opportunity for the new management* to define its strategy and give an indication of prospects. The arrival of Michael Gifford as chief executive and Patrick Meaney as chairman has altered analysts' forecasts and created some uncertainty. Various stabs have been taken at the level of provision which will be taken above the line for redundancies and reorganisation costs, resulting in forecasts of pre-tax profits which range from £70m to £80m. The dividend should be maintained. The general consensus is that management will veer towards the lower end of the range, keeping something back for the current year, their first full year at the reins. Rank Xerox is expected to turn in a flat performance with the continuing costs of the introduction of the new 10 Series. The rest of Rank's divisions would show an improvement, including a significant reduction in the *losses incurred in Australia.*

The sharp decline in interest rates which took place in 1983 allowed discount houses to have a bonanza year. The fall in rates was far less marked in 1983, so it is most unlikely that Union Discount will anything like match its previous year's record disclosed profits of £11.4m when it produces its results for the 12 months to December next Wednesday. Discount houses traditionally take some latitude in deciding what to write on the bottom line and only the foolhardy are prepared to put their names to a profits forecast. However, figures ranging between £5m and £6m are being talked about. In common with its competitors, Union likes to maintain a smooth dividend growth despite profits fluctuations, so an increase from 31p to perhaps a total of 35p net looks on the cards. Alexanders publishes its full year results on Monday, which on the same basis are expected to reveal a rise in the dividend from 20p to 21½p net with a decline in profits from £3m to around £2m.

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Alexanders Discount	Monday	6.5	13.5	6.5
Ashley Industrial Trust	Thursday	2.0	1.5	—
Bullough	Thursday	2.35	34.4	3.0
Camloid Engineering	Wednesday	—	—	—
Derby Trust	Thursday	†0.606	†1.534	†1.076
Edinburgh America Assets Trust	Wednesday	—	0.85	—
Energy Resources and Services	*Wednesday*	—	—	—
First National Finance Corpn.	Wednesday	—	—	—
First National Securities	Wednesday	—	—	—
Fleming Fledgeling Investment Trust	Wednesday	1.0	1.25	1.0
Gestetner	Wednesday	1.25	0.07	0.5
Glass Glover	Tuesday	1.125	1.875	1.25
G.T. Asia (Sterling) Fund	Monday†	—	50.0	—
Haytors	Friday	1.875	8.626	1.875
Hill and Smith Holdings	Thursday	1.0	2.5	1.0
Invicta Gilt-edged & Financial Futures Fund	Monday	—	—	—
Isle of Man Steam Packet Company	Thursday	—	2.5	—
Kershaw, A. and Sons	Tuesday	6.0	9.0	4.0
KLP Group	Wednesday	—	—	—
Lowe, Robert H.	Friday	0.665	2.6	—
Meggitt Holdings	Tuesday	—	—	—
Micronon Holdings	Tuesday	—	—	2.0
Miss World	Saturday	—	—	—
Newmarket Company	Thursday	—	—	—
F. Pratt Engineering	Thursday	—	—	—
Rank Organisation	Tuesday	4.8	3.2	4.0
Rank Precision Industries (Holdings)	Tuesday	—	—	—
Union Discount Company of London	Wednesday	11.0	20.0	11.0
Vooelstruisbult Metal Holdings	Thursday	—	—	—
Walker, Alfred	Wednesday	—	0.75	—
Warner Estate Holdings	Wednesday	3.5	5.5	4.0
Whatlings	Wednesday	1.0	1.5	1.25

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
INTERIM DIVIDENDS				
Allen, W. G. and Sons (Tipton)	Thursday	—	—	
Beven, D. F.	Thursday	—	0.25	
Brasway	Thursday	1.0	—	
Brooke Tool Engineering (Holdings)	Thursday	—	—	
Caledonian Associated Cinemas	Monday	2.0	7.0	
Copson, F.	Tuesday	—	1.5	
Courts (Furnishers)	Tuesday	1.75	2.95	
Daejan Holdings	Thursday	1.925	3.825	
Estates Property Investment Company	Monday	2.75	5.25	
G.T. Japan Investment Trust	Monday	0.4	0.7	
Hollitt	Friday	4.0	7.5	
Hillards	Monday	1.2	2.8	
Home Farm Products	Monday	1.15	2.1	
Imry Properties	Thursday	1.4	2.9	
McCarthys Pharmaceuticals	Tuesday	2.0	5.0	
McKoy Securities	Tuesday	†1.65	1.75	
McLeod Russell	Wednesday	—	6.8	
Mercantile House Holdings	Tuesday	2.5	7.5	
Necosond	Friday	—	—	
Newmark, Louis	Thursday	4.5	7.5	
New Witwatersrand	Thursday	—	—	
Park Food Group	Wednesday	—	—	
J. Saville Gordon	Tuesday	1.0	2.382	
Sheldon Jones	Thursday	—	3.0	
Somponex	Tuesday	—	1.0	
Tront Holdings	Tuesday	0.42	0.63	
Wholesale Fittings	Friday	1.33	3.77	
Wood, S. W.	Friday	—	—	
INTERIM FIGURES				
East of Scotland Onshore	Friday	—	—	
Portsmouth & Sunderland Newspapers	Thursday‡	—	—	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † Per share gross. ‡ Third-quarter figures.

Kraft Production talks nearing a conclusion

Kraft Productions, the Bridgewater-based furniture manufacturer, revealed yesterday that talks on an offer for the company "were very near to a successful conclusion."

Mr David Burne, a director of the company and holder of 24 per cent of its shares following a refinancing and reorganisation last summer, said negotiations was "almost complete," and pointed to completion during *the first week of February.*

He said the announcement had been made in response to concern voiced by shareholders. Kraft shares have been suspended at 200p since December 16. The prospective bidder is a "privately owned company" which has interests that are "related, if loosely" to those of Kraft.

In the 12 months to December 31 1982, Kraft made a net loss before tax of £170,000, on a turnover of just under £800,000. Mr Burne, who said yesterday that he had only been "in the saddle" since September (shortly before the resignation of *Mr Julian Thompson as chairman*), predicted that full year figures would be released, along with trading figures for the first half of 1983, in March. A return to profits is not thought likely.

Harrisons & Crosfield seeks rest of Sumatra

Harrisons & Crosfield, the plantations, chemicals and timber group, has agreed terms to buy the 1.18 per cent stake in **London Sumatra Plantations** that it does not already own, for a total cash consideration of about £1.2m.

Harrisons successfully bid for London Sumatra in February 1981, with a cash and shares offer valuing the group at almost £115m. Shareholders accounting for 98.82 per cent of London Sumatra's shares accepted the offer.

Shareholders accounting for the outstanding 188,057 shares are to be offered 640p per share, which compares with a cash offer of 720p two and a half years ago.

Profits at London Sumatra have declined steadily over the past three years. From a pre-tax figure of £9.21m in 1980, profits fell to £6.88m in 1981, and £5.27m in 1982.

The scheme of arrangement proposed for the purchase will become effective only if minority shareholders in London Sumatra pass a *resolution approving* it by the appropriate majority at a Court meeting. In addition, an extraordinary shareholder meeting will be called to approve the scheme.

Tring Hall accounts are heavily qualified

BY RAY MAUGHAN

THE accounts of Tring Hall Securities, the financial services group and former licensed dealer in securities, have been heavily qualified by the auditors.

Tring Hall, one of the first issuing houses to tap the potential of the Unlisted Securities Market, bringing Thames Investment & Securities, Euroflame and many others to the junior market, has changed hands twice over the past 16 months.

Following an offer in October 1982, the group was acquired by Commercial Development Finance Corporation (Holdings) SA, incorporated in Luxembourg. In May last year, two months after the balance sheet date, Tring was acquired by Haverford Securities and all former directors and officers left the company.

The present board says that it has "no direct knowledge of, or participation in, transactions occurring in the period under review," that is during the 12 months to March last year.

Kidsons, the accountancy firm attempting to conduct an audit in accordance with approved accounting standards, reveals that "It has been necessary for us to rely on the oral assurances of certain directors, who subsequent to the accounting date have resigned from office, as to the completeness of the accounting records where independent confirmation was not available."

Furthermore, the auditors point out, "it has not been possible to locate satisfactory documentary evidence relating to certain investment and loan transactions, or to confirm that all amounts receivable or payable in relation to such transactions were properly reflected in the financial statements. To this extent, we have been unable to obtain all the information and explanations we considered necessary. Provision has been made for all losses expected to arise on recorded investment transactions and for all amounts receivable anticipated to be irrecoverable."

And, as Kidsons notes, the board cannot determine whether a bank overdraft guarantee to a former subsidiary should be provided for and whether a sub-underwriting agreement has been procured to release Tring Hall from its obligation to subscribe for shares in another company at a cost of £495,000.

In the light of these matters, the auditors cannot say whether "the going concern basis is appropriate, whether the financial statements give a true and fair view of the state of affairs at March 31 1983, and of its loss and source and application of funds for the year then ended."

Furthermore, Kidsons is unable to determine whether "proper accounting records have been kept and whether the financial statements comply in all respects with the Companies Acts 1948 to 1981."

The accounts for the year reveal trading losses of £3.89m against the previous profit of £824,000 and before associate losses of £75,000 and a tax credit of £734,000.

After an extraordinary debt of £534,000 — shown as the reduction in value of investments in associates, the loss on disposal of associates and Tring Hall's £95,000 cost of the merger with Commercial Development, net worth has fallen from £4.08m to £271,000.

Tring Hall says that it is not currently acting as licensed dealer in securities following the withdrawal of its license, but its lawyers "have been instructed to prepare an application for a new licence."

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SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

UK leisure group Ladbroke intends to move into off-track betting in the U.S. via a £16.3m bid for Turf Paradise Inc. which owns a race track in Phoenix, Arizona. If the bid is successful, Ladbroke will go on to acquire an operating lease eurrently owned by Arizona Downs which will allow it to conduct race meetings on Turf Paradise's track. Ladbroke's decision to buy the race track follows a recent relaxation of betting rules in Arizona.

Hawley Group continued its diversification with the £10.84m acquisition of Ever-Green Lawns, a privately-owned Missouri-based lawn treatment specialist and the $1.5m purchase of Harry H. Stroh Associates of New Jersey, a hospital cleaning and maintenance group.

Dobson Park Industries, which already produces toys through its Byron International subsidiary, agreed to acquire Britains, a private toy manufacturer, for £6.41m.

Former automobile equipment supplier Smith Industries, which now derives the great majority of its profits from the aerospace and medical sectors, acquired a 13.9 per cent stake in Downs Surgical and is in negotiations to buy the rest of the equity.

Laporte announced the acquisition of three specialist overseas chemical companies. It has paid £4.23m for Great Lakes Biochemical Company, £2.96m for 80 per cent of Chemical Specialities, both of the U.S., and £1.57m for French-based Union Chimique et Industrielle de l'Quest.

An intimate conditional offer of 325p per share from Harris Queensway for shoe retailers Stylo was rejected by the latter's controlling Ziff family as unrealistic. Queensway had wanted irrevocable acceptances in respect of more than 50 per cent of the Stylo votes, but without the backing of the Ziff family, it cannot hope to gain control.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Acro Needles	60*	81	43	2.56	Newell Frnshngs
Allnall Lon Props	245†	243	220	88.00	Slough Estates
Ault & Wiborg	46*	33	33††	4.70	Sun Chemical
Candecca Res	199	192	185	78.10	Trafalgar House
Danish Bacon 'A'	115*	100	110	1.93	Ess-Food
Edith	57*	57	41	55.85	Invs In Industry
Francis Parker§	50*	49	52	12.88	Tarmac Rdstone
Guildhall Prop	162*	160	132	0.99	Slough Estates
Iogram (H.)	65*§	310	80	1.02	Wasskon
Int Paint	223†	210	162	20.05	Courtaulds
London Brick	150††	157	104	212.00	Hanson Trust
Maynards	250*‡	270	198	8.34	Lewis E. Cartier
Miller (F.)	40†	40	42	5.85	Nottingham Mnfg
Rosedimond Inc	55‡	55	50	3.32	English Assoco
Rosedimond Cap	233	217	185	6.20	English Assocn
Stenhouse¶	143§§	135	106	54.28	Reed Stenhse 'A'

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. || Loan stock alternative. ** Based on 20/1/84. †† At suspension. ‡‡ Estimated. §§ Shares and cash.

Offers for sale, placings and introductions

Hammerson Property Investment and Development Corporation is raising £47m by way of a placing of 1.39m new ordinary shares at 750p per share.

Circaprint—Joining USM by way of an introduction of 5.275m shares at 10p each.

Scrip Issues

Trusthouse Forte—One for one scrip issue proposed.
Webber Electro—One for one scrip issue proposed.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Anglia TV	Oct	2,680	(4,050)	13.6	(22.1)	7.0	(6.5)
Anglo Utd Dev	Oct	2,650	(—)	—	(—)	—	(—)
Bell Brothers	Aug	377	(1,270)	—	(—)	2.65	(3.1)
Burton Group	Dec	39,120	(24,310)	—	(—)	—	(—)
Cosalt	Aug	57	(251)	0.8	(—)	0.25	(3.5)
Countryside Prop	Sept	1,540	(1,760)	28.6	(27.6)	4.62	(4.24)
Dewhurst & Part	Oct	186	(127)	2.6	(1.2)	0.68	(0.45)
Elect Machines	Sept††	2	(90)	1.0	(2.2)	—	(—)
Eurotherm	Oct	4,210	(4,580)	9.5	(9.8)	3.25	(3.25)
Evode	Oct	2,540	(1,770)	11.9	(10.6)	2.44	(2.03)
Goring Kerr	Sept	1,530	(952)	12.3	(7.5)	—	(—)
Greenall Whitley	Sept†	24,000	(20,710)	—	(—)	—	(—)
Guinness, Arthur	Sept	56,800	(47,300)	17.1	(12.9)	5.76	(5.23)
Kennings Estates	Sept	2,290	(4,570)	—	(—)	—	(—)
Lincroft Kilgour	Sept	695	(250)	10.1	(3.3)	3.0	(2.0)
Lovell, Y. J.	Sept	4,560	(3,750)	22.6	(19.8)	5.2	(4.5)
Low & Bonar	Nov	3,300	(656)	—	(—)	—	(—)
McMullen & Sons	Oct	3,470	(2,700)	—	(—)	4.32	(4.0)
Oakwood Group	Sept	175L	(568)	1.3	(4.1)	6.5	(6.5)
Pyke Holdings	Sept	353	(251)	19.8	(12.9)	3.5	(2.5)
SGB Group	Sept	7,240	(11,380)	9.7	(14.4)	5.6	(5.6)
Southern B. Leas	Sept	1,170	(689)	9.1	(5.9)	—	(—)
Tace	Sept	1,220	(413)	15.1	(2.8)	3.0	(—)
Tate & Lyle	Sept	57,300	(40,100)	59.5	(46.7)	16.0	(13.5)
THF	Oct	82,100	(57,100)	15.9	(12.0)	5.25	(7.0)
Trident TV	Sept	10,290	(4,350)	10.2	(6.4)	5.5	(4.26)
Tunstall Telecom	Sept	1,390	(478)	—	(—)	0.28	(—)
Warner Hldgs	Sept	2,660L	(805)L	—	(—)	—	(—)
Webber Electro	Sept	344	(230)	—	(—)	3.5	(3.5)

(Figures in parentheses are fur the corresponding period.)

* Dividends are shown net pence per share except where otherwise stated. † 53 weeks. ‡ Nine months. †† 17 months. § Eight months. L Loss.

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
AGB Research	June	3,010	(2,380)	3.2	(2.8)
Allied Colloids	Oct	7,610	(5,420)	1.0	(0.54)
Armour Trust	Oct	121	(81)	—	(—)
Astra Ind Group	Oct	68	(24)	0.13	(0.13)
Banks, Sidney C.	Oct	935	(746)	2.75	(2.5)
Black, Peter	Oct	1,780	(1,750)	0.83	(0.85)
Burroughs Mach	May	13,230	(11,280)	—	(—)
Ceotrovincial Est	Sept	1,500	(1,220)	3.0	(2.5)
Cntry & New Twn	July	1,230	(939)	0.4	(0.3)
Cray Electronics	Oct	570	(453)	0.57	(0.44)
Crouch Group	Sept	1,170L	(1,370)L	—	(—)
Dixons	Oct	7,620	(5,280)	1.6	(1.45)
Dowty Group	Sept	11,910	(16,970)	1.7	(1.65)
Ferguson Ind Hldg	Nov‡	1,980	(1,560)	2.3	(—)
Gelfer A. & J.	Sept	409	(358)	1.9	(1.8)
Gnome Photo	Nov	215	(121)	—	(—)
Hawlin	Sept‡	606	(—)	0.25	(—)
Imtec	Sept	140	(—)	—	(—)
MFI	Nov	15,630	(11,320)	1.7	(1.4)
MME Facilities	Dec	120	(82)	0.525	(—)
Parkdale	Oct	149	(62)	—	(—)
Racal Elect	Oct	48,730	(47,530)	0.75	(0.71)
Restmor Group	Oct	793	(650)	1.5	(1.0)
Sinclair Res	Sept	4,400	(3,800)	—	(—)
Smith David S.	Oct	152L	(210)	1.0	(2.5)
Stewart Plastics	Oct	1,610	(1,300)	0.73	(0.60)
Strand Riley	Sept	505	(520)	0.75	(0.75)
Sumrie Clothes	Oct	84L	(341)L	—	(—)
Thorn EMI	Sept	55,800	(27,600)	5.0	(5.05)
W. Board Mills	Sept	948	(882)	2.0	(2.0)
Wigfall, Henry	Oct	590L	(1,470)L	—	(—)

CONTRACTS

General Motors order for pistons from AE Group

The AE GROUP has won a contract to develop a piston assembly for General Motors Corporation of Detroit. AE's advanced piston technology is to be used in the new piston assembly—comprising piston body, pin and rings—which will be developed by Hepworth and Grandage, an AE subsidiary company, in Bradford. The piston assembly is for a 4-cylinder 2.0 litre petrol engine to be built by General Motors in the U.S. It is intended that this assembly will incorporate the latest in AE's technology for lightweight, low friction piston designs. Reductions in piston mass and compression height are of increasing importance because they lead to smaller, lighter engines and, therefore, to lower bonnet lines and improved aerodynamic for the finished vehicle. Although this initial contract is stated to be small in value, AE Group hopes it will lead to much larger contracts and lucrative licensing arrangements.

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The Machine Tool Industry Research Association has ordered a GNC NC tape system and STG universal post processor software packages from COUNTING HOUSE COMPUTER SYSTEMS. The software, costing £9,000, will run on a Prime 250-II computer and will be used to demonstrate the design and manufacture of NC tapes.

★

A contract worth £170,000 has been won by OSV FABRICATIONS, manufacturing division of Offshore Ventilation, Carshalton, for heating, ventilating and air conditioning equipment for the Amoco Leman H. & J. Development in the southern sector of the North Sea.

★

At the Middle East Electricity and Electronics Exhibition in Kuwait, CROMPTON PARKINSON, a Hawker Siddeley Company, has won an order for more than £16,000 for Bahrain. The company will supply amenity, flameproof, emergency and general fluorescent lamps and luminaires.

★

Contracts for eight specially-designed passenger lifts worth a total of £128,000 have been placed with SHORTS (LIFTS), Shipley, by the City of Kingston-upon-Hull. Three vandal-resistant lifts are to be provided as part of a lift refurbishment scheme in blocks of multi-storey council flats. The lift cars and doors will be made from rigidised stainless steel panels sealed with mastic, and the entire car floor will be coated with epoxy resin. A second contract, for five hydraulic lifts, will form part of a sheltered housing improvement scheme for aged persons. The lifts will accommodate wheelchairs and also have a special low level extension built at the rear of each car enabling them to carry stretchers.

★

MYTON, part of the Taylor Woodrow Group, has won a £1.9m contract to upgrade and refurbish offices in London WC1. The contract has been awarded by Pearl Assurance and entails refurbishment of an office block at 246, High Holborn. Work has started for completion in August, and covers eight floors. It will involve upgrading offices, staircases, lift halls, toilets and the entrance hall. Included is the replacement of windows to the front elevation of the building, new electrical and heating services and repairs to the asphalt roofs.

Wates wins £6m work

WATES SPECIAL WORKS has £6m contracts. Re-roofing of the East Galleries of the Natural History Museum for the Property Services Agency has commenced, and the 13-month contract valued at £1.35m is due for completion in January 1985. As the first stage of the renovation programme, repairs to Arlington House, Camden Town, NW1 will cost £535,000. The venture, by the London Borough of Camden and the UK Housing Trust reflects the concern of both bodies to improve hostel accommodation. Refurbishment of the residence at 53 Cadogan Place for Nairn Construction will cost £526,000. Two contracts for local authorities will result in the modernisation of over 500 houses, flats and maisonettes. At Weald Village, work starts in the spring under a £1.74m 100-week project to modernise 101 houses for the London Borough of Harrow, while at Wenlock Barn, Shoreditch, the London Borough of Hackney has placed a contract for modernisation of 402 pre- and post-war flats and maisonettes to be carried out with tenants in place. Costing £2m the scheme is scheduled to start in February and take 40 weeks to complete.

★

BRENGREEN (HOLDINGS) subsidiary company, Exclusive Cleansing Services has been awarded the contract for refuse collection services by Penwith District Council, Cornwall. The contract, which commences in May is worth around £2m over its five year term.

★

WEDGWOOD has won an order, understood to be worth at least £1m, to supply British Caledonian with bone china tableware for in-flight use over the next three years. The initial order for 46,000 pieces of five different items to special extra lightweight china was placed at the opening of the Hotelympia 84 Exhibition. The china will be used in British Caledonian's first and super executive classes.

★

AI WELDERS has orders for three large forge welding machines totalling over £1m. These include two machines for the British Steel Corporation and an order from a Canadian aluminium smelter for a 170 tonne friction welder designed specially for the repair of anode assemblies.

£10m order for flight trainer

The Link-Miles division of the SINGER COMPANY (UK) has received a contract from Saudi Arabian Airlines (SAUDIA) for a full flight simulator, a cockpit procedures trainer and a computer-based instruction system for the Airbus Industrie A300-600. It is first simulator order placed by an airline for this type of aircraft. The contract is believed to be worth over £10m. The simulator comprises a fully-integrated electronic flight deck with on-board instructor's station, all mounted on a six-degrees-of-freedom motion system. All systems are fully simulated, including EFIS (Electronic Flight Information System), ECAM (Electronic Centralised Aircraft Monitoring) and weather radar. The cockpit procedure trainer will follow the SAUDIA/Link-Miles design concept used for a B-747, delivered last year. It will form part of a full classroom training facility and will be cut-away on the port side to allow the remainder of a training class to watch students undergoing procedures training. SAUDIA is the first airline in the Middle East to introduce interactive computer-based audio-visual equipment for the classroom aspects of their ground training programme.

★

WARINGS (CONTRACTORS) has won a £2m-plus contract for the construction of 16 warehouse and industrial units with integral offices in three blocks totalling 60,000 sq ft at East Street, Portchester, for First Wyvern Trustees Company, London. Access roads, hardstanding, parking, drainage and landscaping are also included in the contract, which is scheduled for completion by the end of the year.

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$375	30	2	29	18.50	—	—	$371.25
GOLD C	$400	13	2	40	10	11	19	"
GOLD C	$425	10	0.60	—	—	7	10 A	"
GOLD C	$450	—	—	37	2.50	—	—	"
GOLD P	$375	37	8.50	32	10.50	—	—	"
GOLD P	$400	50	30	—	—	6	51	"
		March		June		Sept.		
SILVER C	$8	10	0.25	2	1.10	81	1.45 A	$8.20
SILVER C	$9	10	0.25	20	0.65	18	0.65 A	"
SILVER C	$10	20	0.16	20	0.30	15	0.50	"
SILVER C	$11	5	0.06	—	—	—	—	"
SILVER P	$8	4	0.30	—	—	—	—	"
SILVER P	$9	—	—	—	—	5	1.20 B	"
SILVER P	$10	6	1.90	—	—	—	—	"
		Jan.		April		July		
ABN C	F.340	801	72 B	—	—	—	—	F.414
ABN C	F.420	63	0.10	126	17.50	—	—	"
ABN P	F.400	7	1	3	14 A	—	—	"
AKZO C	F.80	346	27.80	11	30	3	32	F.108.80
AKZO C	F.90	1411	17.50	330	21.50	30	25	"
AKZO C	F.100	347	7.80	1350	14.70	151	16	"
AKZO C	F.110	—	—	1472	8	276	12	"
AKZO C	F.120	—	—	202	4	62	2.10	"
AKZO P	F.90	—	—	1136	2.30	41	4.20	"
AKZO P	F.100	—	—	1045	6.30	26	8.20	"
AKZO P	F.110	—	—	134	11.60	20	12	"
AMRO C	F.65	142	9.70	153	11.50	32	12.20	F.74.80
AMRO C	F.70	174	5.10	318	7.90	82	9.50	"
AMRO C	F.75	—	—	218	4.70 A	164	6.50	"
AMRO P	F.70	—	—	120	2.50	40	3	"
HEIN C	F.90	321	54.80	—	—	—	—	F.147
HEIN C	F.110	225	36	21	27	—	—	"
HEIN C	F.130	280	14.80	121	30.60	35	23	"
HEIN C	F.140	790	4.80	248	14	136	16.50 B	"
HEIN P	F.130	—	—	118	1.50	33	3.30	"
HOOG C	F.45	75	8.50 B	236	11	64	12.50	F.54.50
HOOG C	F.50	—	—	286	6	39	7.50	"
KLM C	F.150	127	66.80	—	—	—	—	F.217.80
KLM C	F.160	168	57.50	61	62	—	—	"
KLM C	F.170	157	47	63	59	11	54	"
KLM C	F.180	157	38.50	50	41	12	42	"
KLM C	F.200	176	17	193	26.50	12	31	"
KLM C	F.210	—	—	210	19.50	5	25.50	"
KLM C	F.220	—	—	137	15.50	55	20	"
KLM P	F.200	—	—	185	3.80	9	5	"
KLM P	F.210	—	—	216	7.20	12	9	"
PHIL C	F.40	692	7.10	195	9.40	250	0.50	F.48
PHIL C	F.45	2145	2	288	5.90	92	6.90	"
PHIL C	F.60	—	—	586	5.90 A	875	4	"
PHIL C	F.60	—	—	523	1.50	—	—	"
PHIL P	F.45	—	—	500	1.80	355	3.50	"
PHIL P	F.50	88	2.70 B	57	4.50 A	140	5.30	"
RD C	F.120	210	27	127	31.50 A	2	31	F.148.50
RD C	F.130	1062	17 B	56	21	16	23	"
RD C	F.140	1689	7	190	14.40	355	15.50	"
RD C	F.150	3147	0.10	844	8.30	128	10	"
RD P	F.140	—	—	510	2.40	130	5	"
RD P	F.150	468	2.50	105	6	30	0.50	"
EOE C	F.140	32	32	—	—	—	—	F.181.31
EOE C	F.160	16	3.30	2	30	—	—	"

TOTAL VOLUME IN CONTRACTS: 35,947

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	9 %	■ Hambros Bank	9 %
Allied Irish Bank	9 %	Heritable & Gen. Trust	9 %
Amro Bank	9 %	■ Hill Samuel	§ 9 %
Henry Ansbacher	9 %	C. Hoare & Co.	† 9 %
Arbuthnot Latham	9 %	Hongkong & Shanghai	9 %
Armco Trust Ltd.	9 %	Kingsnorth Trust Ltd.	10 %
Associates Cap. Corp.	9½%	Knowsley & Co. Ltd.	9½%
Banco de Bilbao	9 %	Lloyds Bank	9 %
Bank Hapoalim BM	9 %	Mallinhall Limited	9 %
BCCI	9 %	Edward Manson & Co.	10 %
Bank of Ireland	9 %	Meghraj and Sons Ltd.	9 %
Bank Leumi (UK) plc	9 %	Midland Bank	9 %
Bank of Cyprus	9 %	■ Morgan Grenfell	9 %
Bank of Scotland	9 %	National Bk. of Kuwait	9 %
Banque Belge Ltd.	9 %	National Girobank	9 %
Banque du Rhone	10 %	National Westminster	9 %
Barclays Bank	9 %	Norwich Gen. Tst.	9 %
Beneficial Trust Ltd.	10 %	R. Raphael & Sons	9 %
Bremar Holdings Ltd.	9 %	P. S. Refson & Co.	9 %
Brit. Bank of Mid. East	9 %	Roxburghe Guarantee	9½%
■ Brown Shipley	9 %	Royal Trust Co. Canada	9 %
Cl. Bank Nederland	9 %	■ J Henry Schroder Wagg	9 %
Canada Perm't Trust	10 %	Standard Chartered	‖ 9 %
Castle Court Trust Ltd.	9½%	Trade Dev. Bank	9 %
Cayzer Ltd.	9 %	TCB	9 %
Cedar Holdings	9 %	Trustee Savings Bank	9 %
■ Charterhouse Japhet	9 %	United Bank of Kuwait	9 %
Choulartons	10½%	United Mizrahi Bank	9 %
Citibank Savings	§10½%	Volkskas Intnl. Ltd.	9 %
Clydesdale Bank	9 %	Westpac Banking Corp.	9 %
C. E. Coates	9½%	Whiteaway Laidlaw	9½%
Comm. Bk. of N. East	9 %	Williams & Glyn's	9 %
Consolidated Credits	9 %	Wintrust Secs. Ltd.	9 %
Co-operative Bank	* 9 %	Yorkshire Bank	9 %
The Cyprus Popular Bk.	9 %		
Dunbar & Co. Ltd.	9 %		
Duncan Lawrie	9 %		
E. T. Trust	9½%		
Exeter Trust Ltd.	10 %		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	10½%		
Robert Fraser	10 %		
Grindlays Bank	‡ 9 %		
■ Guinness Mahon	9 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 5.5%. 1-month 6%. Fixed rate 12 months: £2,500 9%: £25,000 12 months 9.5%.
† 7-day deposits on sums of: under £10,000 5½%. £10,000 up to £50,000 6¼%, £50,000 and over 7½%.
‡ Call deposits £1,000 and over 5½%.
|| 21-day deposits over £1,000 6½%.
§ Demand deposits 5½%.
¶ Mortgage base rate.

Stock Exchange Dealings

Continued from page 30

Matsushita Elec Ind 578 58 (16.1)
McDonald's Corp £47½ (17.1)
Meridian Oil 14 (16.1)
Midcon Inc 420 (16.1)
Minesearch Res 26s (13.1)
Minnesota Min Mfg £56¼ (17.1)
Moet-Hennessy FFr 1,550 ‡@
Mogul Mining 28 (15.1)
Moore Corp £29¾
Mount Carrington Mines 68
Mungana Mines 550 & 50
Alver Emoorlam 133
Nat Semiconductor £18½@ (17.1)
Nationale-Nederlanden £91
Negri River 15 (17.1)
Newmont Mining £34 ¾ ¾ (16.1)
NI Cal Devels 450:@ 11:@
Nicholas Kiwi 205 (18.1)
North Canadian Oils £10⅝ (16.1)
North Flinders Mines 940@ 60 (18.1)
North South Res 72 5
Nova Alberta A 410
Oil Co Australia (A$0.35) 28½@ 90 30½
Oil Search 13½@ 14 ½
Overseas Chinese Bkg 335@ (18.1)
Pelaboro Mining 960r 3? (17.1)
Pancontinental Pet 17½ 18 (17.1)
Do. Options 30 6.85 10
Pepsico Inc £25¾ (18.1)
PI Securities Aust 138
Peugeot SA FFr 247.55@ 248.95@
Phillips Pet £26⅛
Pioneer Concrete Svcs 115 18 20 (18.1)
Poseidon 288 70
Prime Computer £14½ (13.1)
Project Oil Ex 42 (13.1)
Queen Margaret Gold 14½@ (18.1)
RCA Corp £25¼ (16.1)
Raytheon £33½@ (18.1)
Reel Oil 130
Repco 85 (17.1)
Resource Service Grp 150 (17.1)
Revlon £22¼ (18.1)
Reynolds Metal £28½@ (16.1)
Rollins £13¾ (17.1)
Royex Stargex 410@ (13.1)
Scientific-Atlanta £10¼ (16.1)
Score Res 295 (17.1)
Searle (G. D) US$42½ (13.1)
Selangor Coconuts 128
Siemens A. G. £97¾
Sleigh (H. C.) 90 (17.1)
Smith (Howard) 260 (17.1)
Smithkline Beckman £42¼ (16.1)
Snap-On Tools US$32 (17.1)
South African Manganese 169 (18.1)
Spargos Ex 22
Standard Oil California £24½ (13.1)
Standard Oil Indiana £35½@ (17.1)
Standard Oil Ohio £30¼ (16.1)
Stelco A £18 (18.1)
Stirling Pet 4½
Straits Trading 197 202
Strathers Wells 283 (17.1)
Sturts Mining 13 12 (18.1)
San Hang Kai 135
Sun Hung Kai Props 58@
Superior Oil £27½ (16.1)
Swire Pacific B 25½@ (16.1)
Sydney Oil 33
Syntex £36 (13.1)
Tandy £26½ (18.1)
Target Pet 330 (18.1)
Do. (A$0.15) 17½ 18 (18.1)
Teck B 600
Tesamar Res 117@
Texas Instruments £95@ 6 (17.1)
Timor Oil 2½ (16.1)
Tozan 322@ (17.1)
Tri-Continental £21 (17.1)
United Overseas Bank 197 (13.1)
United Overseas Land 650 (18.1)
United States Minerals Ex 40r (13.1)
Valiant Cons 7@ (17.1)
Volkswagenwerk A G DM 227½ (13.1)
Walker (Hiram) Res £15
Washington Nat Corp £26½@ (17.1)
Waste Management £27½ (18.1)
West Coast Transmission 850 (18.1)
Western Pet 15 (17.1)
Westfield Minerals 110@ (18.1)
Westinghouse Electric £37¾ (17.1)
Woolworths (A$0.50) 170 (17.1)
World International Hldgs 160 (16.1)
Zone Pet 150 (18.1)

RULE 163 (3)

Dealings for approved companies engaged solely in mineral exploration

Caledonian Offshore Assoc 2000 (£75 Pd) £110¼ (16.1)
Kenmare Oil Ex 7

(By permission of the Stock Exchange Council)

Economic Diary

MONDAY: EEC Foreign Affairs Council meets in Brussels. Commons debates Rate Support Grant (England) 1984-85. U.S. Congress resumes. IMF executive board meets in Washington to decide on an interim committee meeting.

TUESDAY: NUPE national one-day strike against the abolition of the GLC and Metropolitan Authorities. Banks make pay offer. Result of pithead ballot to elect new general secretary for the NUM.

WEDNESDAY: UK trade figures. Finished steel consumption and stock changes (third quarter final). Balance of payments current account and overseas trade figures (December). New construction orders (November). Mrs Margaret Thatcher attends launch of American section of Operation Raleigh at Intercontinental Hotel, W1. Irish Republican Budget. President Reagan delivers State of the Union address to Congress. British-Chinese talks on Hong Kong's future resume in Peking. Mr Emile van Lennep, Secretary General of the OECD, to address the Trade Policy Research Centre dinner at Cafe Royal, W1.

THURSDAY: New vehicle registrations (December). Energy trends (November). EEC Steel Council meets in Brussels. Mrs Margaret Thatcher and senior members of the Cabinet make two-day visit to Rome. NFU statement. General Election held in Gibraltar.

FRIDAY: Final unemployment and unfilled vacancies (December). Employment in the production industries (November-provisional). Overtime and short-time working in the manufacturing industries (November). Quarterly estimate of employees in employment (third quarter). Stoppages of work due to industrial disputes (December-provisional). Sales and orders in the engineering industries (October). Mr Ian MacGregor, British Steel Corporation chairman, attends Newspaper Conference annual lunch at International Press Centre.

APPOINTMENTS

Marketing man for Dunlop

Mr Gavin Clezy has been appointed director of marketing of tyres in the UK for DUNLOP. Mr Clezy has had considerable experience in the European tyre industry, having been chief executive, Dunlop Italy and, prior to that, chief executive, Dunlop Greece. He succeeds Mr Michael Farebrother who has been appointed managing director of CHLORIDE MOTIVE POWER at Bolton.

★

Mr Richard de Zouche has been appointed as a part-time member of the MERSEYSIDE AND NORTH WALES ELECTRICITY BOARD for three years from April 1. He is a partner in Wilson de Zouche and Mackenzie, chartered accountants. Mr Edward Rea has been re-appointed as a part-time member of the South Wales Electricity Board for three years from January 1. He is managing director of Ondawel (GB) and a director of Intercosmetic (GB). Mr Alan Spencer has been re-appointed as a part-time member of the East Midlands Electricity Board for two years from January 1. He is a past vice-chairman of the Boots Company.

★

HOMEOWNERS FRIENDLY SOCIETY has appointed Mr P. Hemingway and Mr A. Schofield to the main board. Mr Hemingway is chief general manager and a director of the Leeds Permanent Building Society. Mr Schofield is also a director of the Leeds Permanent and a former general manager and president of the society.

★

RUSELL REYNOLDS ASSOCIATES INC has appointed Mr David Moorhouse, senior manager in the corporate finance department of European Banking to be an associate director.

★

Mr Brian M. Barrow, currently managing director of Scanpet Scandinavian Petroleum A/S, Oslo, has been appointed managing director of JEBSENS DRILLING from March 1.

★

THE GRAIN AND FEED TRADE ASSOCIATION has elected Mr R. E. Tyrrell, managing director of Xcan Grain (Europe) as president in succession to Mr W. S. Biggs. Other officers elected were: Mr D. Nelson-Smith, managing director of Cargill UK, as deputy-president and Mr A. E. Wright, director of United Molasses Co. as UK vice-president. Mr E. Van Loon of Imexgra, Belgium, was elected European vice-president.

★

Mr Ron Shirley, managing director of Building Services Publications has been appointed to the main board of THE BUILDER GROUP—publisher of Building.

★

Mr N. A. Lee has been appointed to the board of COMPANY MODERN MATERIALS MANAGEMENT.

★

MANUFACTURERS HANOVER TRUST COMPANY has appointed Mr Roger J. Heath as assistant vice president.

★

Mr Gordon Allen has been appointed a director of UNITED TRANSPORT CO. He has been with the group since 1970, and is managing director of Bulwark United Tankers (UK), holding company for the UK tanker division. United Transport Co is the holding company for the UK and European activities of the United Transport International Group, and is a member of the BET Group.

UDT Scotland new chairman

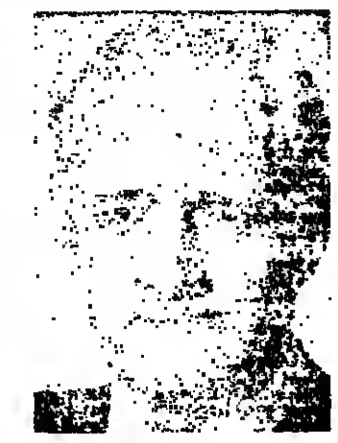
Mr Lyndon Bolton has been appointed chairman of UNITED DOMINIONS TRUST (SCOTLAND) in Edinburgh. He succeeds Mr A. B. Richards who has been chairman since 1978. Mr Bolton, is a non-executive director of United Dominions Trust, a deputy chairman of TSB Scotland and an associate member of TSB central board.

★

Mr C. G. G. (Ric) Foot has been appointed director of UK corporate relations for PHILIPS ELECTRONIC AND ASSOCIATED INDUSTRIES. This follows his secondment to the Department of Trade and Industry since 1981 to further the growth and more widespread use of British teletext and viewdata. Previously, he was director of Philips lighting division and later of the video division in the UK.

★

PEARL ASSURANCE'S surveyor, Mr Stanley Bennett, will retire at the end of September, and be succeeded by Mr John Case, currently chief estates surveyor to Peterborough Development Corp. He will join Pearl on July 2 prior to his appointment as surveyor on October 1.



Mr Gavin Clezy, tyres marketing director, Dunlop

★

Mr David Lloyd has been appointed director of HALCROW WATER. He has recently retired from Balfours, but continues as managing director of Halcrow-Balfour.

★

Mr George Duncan has been appointed to the board of SHOWERINGS, VINE PRODUCTS & WHITEWAYS division of Allied-Lyons. He is now divisional personnel director, having formerly been divisional personnel manager. Mr Martin Howard, who was formerly deputy divisional company secretary, has been appointed divisional company secretary.

★

Until recently director, dealership operations, with Yugo Cars in Reading, Mr Richard Friend has joined West Midlands-based INTERNATIONAL MOTORS to become sales director of Subaru (UK), a subsidiary. The present Subaru sales director, Mr Reginald Bradley, has been appointed director of corporate planning.

★

Mr Geoffrey S. Wiggins, veterinary officer of the City of London is the new chairman of the council of the ROYAL SOCIETY OF HEALTH.

★

Mr John Margetson, ANGLIA TELEVISION group sales director and managing director of Anglia Marketing, will not seek re-election as a director at the group's annual meeting in April when he will resign from the company. His deputy, Mr Tim Wootton, has been appointed sales director.

LONDON TRADED OPTIONS

Option		Calls Jan.	Calls Apr.	Calls July	Puts Jan.	Puts Apr.	Puts July
B.P. (*428)	360	70	—	—	1	—	—
	380	40	47	58	1	3	5
	420	10	25	35	3	9	13
	460	1	9	14	34	35	35
Cons. Gold (*624)	460	67	82	95	1	4	5
	500	66	57	68	4	13	20
	550	1	40	45	30	45	36
	600	1	16	22	77	82	—
Courtaulds (*134)	70	59	—	—	—	—	—
	80	49	—	—	—	—	—
	90	39	40	40	—	—	—
	100	30	31	40	0½	—	—
	110	25	17	30	—	1	—
	120	15	18	25	1	3	—
	130	5	9	14	2	4	6
	140	1	—	—	8	10	12
Com. Union (*101)	140	52	56	50	1	—	—
	160	32	38	44	1	2	3
	180	12	16	24	1	5	8
	200	0½	6	12	11	19	23
G.E.C. (*196)	160	38	44	50	1	1	2
	180	19	24	32	1	5	7
	200	5	15	22	6	12	17
	220	1	4	8	24	27	31
Grand Met. (*345)	300	46	53	60	1	2	5
	330	16	25	35	1	8	13
	360	1	11	19	18	22	26
	390	0½	3	8	48	50	52
I.C.I. (*634)	420	216	—	—	—	—	—
	460	176	—	—	—	—	—
	500	136	140	—	—	—	—
	550	86	90	92	1	1	4
	600	36	48	64	1	4	10
	650	5	20	28	19	23	30
Land Secur. (*275)	214	61	66	75	1	1	2
	236	50	45	58	1	2	4
	257	19	25	31	1	5	8
	280	1	13	17	10	16	11
Marks & Sp. (*228)	180	50	53	—	1	—	—
	200	30	35	38	1	3	4
	220	10	18	23	1½	6	9
	240	0½	6	13	16	19	18
Shell Trans. (*605)	460	148	—	—	—	—	—
	500	108	113	120	0½	1	3
	550	58	68	77	1	4	7
	600	15	34	44	7	20	28
	650	1	15	21	47	58	—

Option		Calls Feb.	Calls May	Calls Aug.	Puts Feb.	Puts May	Puts Aug.
Barclays (*564)	420	147	147	—	1	1	—
	460	107	107	117	1	2	4
	500	67	72	77	2	7	10
	550	22	30	46	16	25	30
Imperial Gp. (*150)	110	48	48	—	0½	1	—
	120	38	38	—	1	1	—
	130	28	31	33	1	2	3
	140	18	20	23	2½	5	6
	160	5	8½	6½	7½	12	18
LASMO (*326)	240	95	105	115	1½	4	5
	260	75	87	97	3	5	11
	280	60	70	80	5	12	15
	300	40	50	65	10	15	22
	330	20	30	40	22	25	—
	360	9	15	—	—	—	—
	390	3	8	—	—	—	—
Lonrho (*116)	90	27	29	29	0½	1	2
	100	17	19	20	1	2	4
	110	10	12	15	5	6	8
	120	2½	5½	7	11	11	13
P. & O. (*260)	180	85	—	—	—	—	—
	200	65	60	—	1	2	—
	220	45	51	—	2	4	—
	240	25	35	32	5	7	10
	260	10	20	27	12	16	20
Racal (*196)	180	32	42	5	4	5	—
	200	15	27	35	12	18	—
	220	3	12	20	25	23	26
	240	1	5	10	—	—	—
	275	1	2	5	—	—	—
R.T.Z. (*652)	455	174	—	—	—	—	—
	535	124	—	—	—	—	—
	555	107	120	152	1	4	—
	600	54	77	—	1	4	—
	650	7	38	58	12	19	25
	700	5	13	30	55	67	75
Vaal Reefs (*$102)	80	141	18	20	1	2	—
	90	11	11	14	1	3	5
	100	5½	9½	12	3	5	11
	110	2	5	10	5½	12	15
	120	1	3	6	—	—	—

Option		Calls Mar.	Calls June	Calls Sep.	Puts Mar.	Puts June	Puts Sep.
Beecham (*326)	300	35	38	47	3	9	11
	330	15	23	30	8	17	15
	355	5	13	—	30	—	—
	390	1	5	—	65	—	—
Bass (*320)	300	27	32	40	5	12	18
	330	10	18	25	15	23	28
De Beers (*$810)	700	130	140	150	15	20	25
	750	85	95	105	15	27	40
	800	47	62	75	35	47	60
	850	20	32	45	55	65	75
Guest Keen (*197)	160	41	44	46	1	5	10
	180	24	26	31	4	6	7
	200	10	15	20	10	16	—
Hanson (*383)	220	64	68	—	2	3	—
	240	45	49	55	4	6	7
	260	30	35	39	4	10	12
	280	15	22	25	15	18	21
Tesco (*174)	160	18	23	29	1	3	4
	180	5	10	18	11	14	17

Jan. 20 Total Contracts 5,995 Calls 3,234. Puts 761.

* Underlying security price

Moderate losses on Wall St

MODERATELY LOWER levels continued on Wall Street yesterday when investors retreated from the market, despite indications that the U.S. economy is continuing to grow at a healthy rate.

By 1 pm the Dow Jones Industrial Average was down 7.73 to 1,258.27, making a loss of 11.82 on the week, while the NYSE All Common Index, at $96.02, shed 58 cents on the day and 64 cents on the week. Declining issues led gains by about eight to five in a volume of 60.9m shares.

IBM, the volume leader, was off $1¼ to $117¾.

"Everyone is focusing on the action of IBM and, as a bellwether stock it is creating some nervousness," one analyst said.

The weakness in ATT stock, hurt by a delay in telephone access charges, is also weighing heavy on the Dow Average, he added.

ATT "when issued," were each down $¾ to $65¼ and $17⅜ respectively.

Shell Oil moved up $1½ to $43.

Technology issues dominated the loss column with Honeywell down $2¾ to $26¾, Datapoint $2¼ to $24¾ and NCR $3½ to $125¼.

...Arkla rose $1¼ to $25¾ in active trading—there are rumours that Penn Central might be interested in acquiring Arkla.

Datapoint, another active issue, declined $2 to $24¾. Alcoa lost $¾ to $46½ despite reporting a fourth quarter profit of $96.2m, compared with last year's loss of $73.7m.

Standard Oil of Ohio put on $¾ to $44½, despite taking a $163m write-off of Mukluk Investment.

THE AMERICAN SE Market Value Index lost 1.05 to 226.63, for a net loss of 0.17 on the week. Trading volume 4.43m shares.

Canada

Stocks continued to drift lower, with the Toronto Composite Index off 3.9 at 2,576.6 by mid-day.

The Metals and Minerals Index lost 12.9 to 2,471.5. Golds 38.3 to 3,954.6 and Papers 1.81 to 244.75. The Oil and Gas Index put on 16.2 to 3,439.9.

Closing prices for North America were not available for this edition.

Germany

Strong Foreign and Domestic demand, particularly for Blue Chip West German stocks, boosted markets to new record highs in heavy volume.

Dealers could not cite particular grounds for the market's upturn which saw heavy institutional demand coupled with a paucity of material on offer, but the decline of the dollar and belief the U.S. recovery has slowed and that U.S. interest rates may now ease were encouraging background factors.

The Commerzbank Index rose 5.4 to a record high of 1,065.6.

Banks were led by Deutsche Bank, up DM 14.5 at 374.5, which was a main focus for Foreign buying in the belief the share is undervalued.

In Motors, Daimler advanced DM 13 to 631.

Energy firm Veba rose DM 4.50 to 177 on mostly speculative buying after the privatisation this week of a 13.75 per cent Government stake in the company.

Tokyo

Marginally higher as late profit-taking, the result of investor concern about high prices, wiped out most early gains.

The Market Average rose 5.66 to 10,104.07. Volume was 200m (350m) shares — trading began late after Thursday's heavy snowfall.

International "Populars" led the rise on bargain hunting.

Hitachi rose Y13 to 830, attributed partly to its President's announcement that it plans capital spending of at least Y1,000bn in the next five years.

Oils were firm after a rise in Resource issue prices in New York, but Non-ferrous Metals, Machine Tools and "Medium" sized issues closed lower following a firm start.

Electronic Parts Makers improved, strong demand for video tape recorder and VTR parts makers.

Steels and Shipyards closed lower on persistent profit-taking.

Kanto Denka Kogyo climbed Y100 to 1,240 on a report that it plans to construct a new plant to produce magnet metal powder used with 8mm video tape recorders (VTRs), a broker said. The company, however, said that it does not have any concrete plans for a new plant.

Sumitomo Chemical fell Y11 to 209 and Inabata dropped Y38 to 550—they intend to separate their Pharmaceutical divisions to jointly form a new Drug company early next month.

Kinsho-Mataichi moved up Y29 to 244 on speculation that it may tie-up with Cosmo 80, a venture business unlisted on the Exchange.

Hong Kong

Prices recovered initial losses on renewed buying. The Hang Seng Index ended up 12.60 at 1,034.00.

Brokers noted signs of recovery in the local Property sector, including Wednesday's better than expected land auction results and a report that the China controlled Ever Bright Industrial Co has bought flats worth HK$1bn from International City Holdings.

Australia

Takeover situations highlighted firm trading. Rises outnumbered falls by a ratio of about five-to-two in active turnover.

Traders said the firmer Gold prices set the tone, which was led by the Resource and Mining sectors.

They said if the U.S. dollar continues to weaken and Gold and Metal prices move higher as a result, stocks should post good gains throughout next week.

Golds feature with GMK up 40 cents at A$10. Emperor added 25 cents at A$3, while Poseidon at A$4.30 and Central Norseman at A$6.80 each gained 10 cents.

Oil Search, up 10 cents at 32 cents, led Oil and Gas issues higher on news that it had discovered indications of oil in Papua New Guinea.

Among the numerous situation stocks, B. Seppelt, the most active with 2.06m shares traded, closed 50 cents higher at A$2.40. Brokers said market speculation is strong that Adelaide Steamship is building a big stake in Seppelt before launching a raid following an unsuccessful attempt to gain control of the Tasmanian Brewery, Cascade.

Paris

Broadly lower at the end of another busy session.

Traders described the downturn as being mainly technical, since many investors were squaring their positions ahead of the new monthly Trading Account which begins Tuesday.

Yesterday's ¼ point rise in French Call Money to 12⅞ per cent and Thursday's lower trend on Wall Street also encouraged selling.

Switzerland

Most Domestic stocks rose moderately on selective demand with "Second Liners" featuring gains, while recently sought Blue Chips traded within a narrow range.

Dealers said the slightly firmer dollar and an easier overnight trend on Wall Street kept Institutional buyers on the sidelines.

In pre-Bourse dealings, Brewers attracted good demand with Haldengut Bearer and Participation Certificate up Frs 50 each to 1,230 and 800 respectively. Feldschloesschen Bearer rose Frs 10 to 1,055 and its Registered stock added Frs 40 at 3,070 ahead of its annual results, expected early next week.

Singapore

Narrowly mixed on continued selective buying support and bouts of profit-taking in active trading.

Malayan Cement rose 35 cents to S$9.50 following its higher results, final dividend and proposed one-for-one bonus issue.

FOREIGN EXCHANGES

Dollar firm

The dollar rose in currency markets yesterday on news of a 4.5 per cent rise in U.S. Gross National Product in the fourth quarter of 1983. This was the same as the flash estimate released earlier but above market expectations. Consequently, some traders were quick to re-establish dollar positions relinquished earlier in the week and this pushed the dollar towards its best level of the day at the close. Trading was rather thin ahead of the weekend however and this tended to exaggerate currency movements.

The dollar improved sharply during the afternoon, having been depressed in the morning by expectations of a downward revision to GNP figures. Against the D-mark it touched a low of DM 2.7850 before recovering to finish at DM 2.8215, up from Thursday's close of DM 2.7910. It rose to SwFr 2.2400 from SwFr 2.2220 against the Swiss franc and Y234.30 from Y233.20. It was also higher against the French franc at FFr 8.6300 from FFr 8.5425. On Bank of England figures, the dollar's trade weighted index rose to 131.8 from 131.0.

Sterling lost ground against the dollar and most European currencies. Its trade weighted index fell to 81.8 at the close, down from 82.2 at noon and the opening and 82.3 at Thursday's close. Against the dollar it fell to a low of $1.3990 from an opening level of $1.4165 and closed at $1.4010-1.4020, a fall of 1.75 cents. Against the D-mark it slipped to DM 3.9575 from DM 3.9625 and SwFr 3.1425 compared with SwFr 3.1550. It was also lower against the French franc at FFr 12.0925 from FFr 12.1175 and Y328.50 from Y331.25.

£ in New York (latest)

	Jan. 20	Previous
Spot	$1.4000-4015	$1.4170-4180
1 month	0.05-0.07 dis	0.05-0.06 dis
3 months	0.14-0.18 dis	0.15-0.18 dis
12 months	0.70-0.85 dis	0.70-0.80 dis

£ forward rates are quoted in U.S. cents discount.

OTHER CURRENCIES

Jan. 20	£	$		£ Note Rates
Argentina Peso	55.48-55.56	55.53-25.56	Austria	27.65-27.95
Australia Dollar	1.5525-1.5546	1.1080-1.1100	Belgium	81.65-82.45
Brazil Cruzeiro	1,443.1-1,451.1	1,026-1,051	Denmark	14.28-14.42
Finland Markka	8.3116-8.3186	5.9585-0.9376	France	12.04-12.10
Greek Drachma	144.75-140.15	103.00-104.00	Germany	3.94⅛-3.98⅛
Hong Kong Dollar	10.96¼-10.94¼	7.7970-7.7990	Italy	2415-2455
Iran Rial	185.36*	89.05*	Japan	350-335
Kuwait Dinar(KD)	0.4150-0.4140	0.29585-0.29595	Netherlands	4.48¼-4.40¼
Luxembourg Fr.	80.80-80.70	57.53-57.55	Norway	11.01-11.19
Malaysia Dollar	3.2800-3.2860	2.3400-2.3415	Portugal	191-212
New Zealand Dlr.	2.1600-2.1650	1.5420-1.5445	Spain	224-254
Saudi Arab. Riyal	4.9360-4.9410	3.5095-3.5105	Sweden	11.47-11.58
Singapore Dollar	3.2850-2.9910	2.1300-2.1315	Switzerland	3.13¾-3.16¾
Sth. African Rand	1.7600-1.7650	1.2560-1.2595	United States	1.39½-1.41½
U.A.E. Dirham	5.1645-5.1700	3.6780-3.6730	Yugoslavia	199-218

* Selling rates.

THE POUND SPOT AND FORWARD

Jan 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3990-1.4200	1.4010-1.4020	0.03-0.08c dis	-0.47	0.13-0.18dis	-0.44
Canada	1.7430-1.7680	1.7470-1.7480	0.05-0.15c dis	-0.69	0.20-0.30dis	-0.57
Nethlnd.	4.43⅞-4.47⅛	4.44-4.45	1½-1c pm	3.37	3⅛-3¾ pm	3.26
Belgium	80.90-81.00	80.60-80.70	8-16c dis	-1.64	45-55 dis	-2.48
Denmark	14.28-14.37	14.31-14.32	2¼-3¾ore dis	-2.62	6½-7½ dis	-1.94
Ireland	1.2730-1.2830	1.2750-1.2760	0.25-0.35p dis	-2.82	0.80-0.90dis	-2.00
W. Ger.	3.94½-3.97¼	3.95¼-3.96¼	1⅜-⅞pf pm	3.41	3½-3 pm	3.28
Portugal	189.25-191.25	189.75-190.25	145-345c dis	-15.47	515-1020dis	-16.16
Spain	222.25-225.00	223.75-224.00	145-215c dis	-9.65	490-555 dis	-8.33
Italy	2,400-2,418	2,403-2,405	16-18 lire dis	-8.48	47½-49½dis	-8.07
Norway	11.00-11.10	11.01-11.02	3¼-4ore dis	-3.95	8¾-10¼ dis	-3.63
France	12.06½-12.13½	12.08¾-12.09¾	2¾-3¼c dis	-3.22	11½-12½dis	-3.97
Sweden	11.45-11.57	11.51½-11.52½	1½-2ore dis	-1.82	5¼-6 dis	-1.95
Japan	327-331½	328-329	0.65-0.78y pm	2.98	2.50-2.40 pm	2.98
Austria	27.80-28.00	27.83-27.98	8-8½gro pm	3.16	22½-19 pm	3.00
Switz.	3.13-3.16½	3.13¾-3.14¾	1½-1¼c pm	8.20	4⅞-4⅝ pm	5.57

Belgian rate is for convertible francs. Financial franc 82.00-82.10. Six-month forward dollar 0.28-0.33c dis, 12-month 0.67-0.77c dis.

THE DOLLAR SPOT AND FORWARD

Jan 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.3990-1.4200	1.4010-1.4020	0.03-0.08c dis	-0.47	0.13-0.18dis	-0.44
Ireland†	1.0970-1.1095	1.0975-1.0985	0.22-0.18c pm	2.10	0.61-0.53 pm	2.07
Canada	1.2445-1.2477	1.2470-1.2475	0.01-0.03c dis	-0.18	0.01-0.03dis	-0.06
Nethlnd	3.1395-3.1730	3.1710-3.1730	1.03-0.93c pm	3.72	2.90-2.80 pm	3.60
Belgium	66.98-67.56	67.53-57.55	5-7c dis	-1.25	24-29 dis	-1.84
Denmark	10.11¼-10.22	10.21½-10.22	¾-1¼ore dis	-1.17	1¼-1¾ dis	-0.58
W. Ger.	2.7850-2.8250	2.8210-2.8220	0.95-0.90pf pm	3.94	2.65-2.60 pm	3.72
Portugal	134.60-136.30	135.80-136.30	100-225c dis	-14.37	340-690dis	-15.19
Spain	158.45-159.56	156.40-159.50	90-115c dis	-7.71	320-370 dis	-8.65
Italy	1,703½-1,719	1,716½-1,716½	11¼-12 lire dis	-8.14	32-33 dis	-7.56
Norway	7.8070-7.8675	7.8625-7.8675	2-2½ore dis	-3.43	6-6½ dis	-3.16
France	8.5300-8.6350	8.6275-8.6325	1.90-2.05c dis	-2.75	7.35-7.75dis	-3.50
Sweden	8.1500-8.2250	8.2200-8.2250	¾-1¼ore dis	-1.48	2.65-3.15dis	-1.41
Japan	233.00-234.60	234.25-234.35	0.72-0.68y pm	3.59	2.04-1.99 pm	3.44
Austria	19.68-19.65	10.01-16.93	6.30-5.70gro pm	3.83	18-16 pm	3.43
Switz.	2.2200-2.2445	2.2395-2.2405	1.21-1.17c pm	6.39	3.35-3.31 pm	5.96

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 58.50-58.60.

EXCHANGE CROSS RATES

Jan. 20	Pound Sterling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.402	3.055	328.5	12.093	3.143	4.445	2404.	1.748	80.05
U.S. Dollar	0.714	1.	2.829	234.5	8.630	2.84	3.172	1716.	1.247	67.54
Deutschemark	0.253	0.354	1.	83.01	5.050	0.794	1.123	607.5	0.449	20.38
Japanese Yen 1,000	5.044	4.226	16.05	1000.	56.81	9.506	13.53	7518.	5.320	243.5
French Franc 10	0.827	1.159	3.273	271.7	10.	2.699	3.070	1988.	1.445	66.20
Swiss Franc	0.318	0.446	1.269	104.5	3.848	1.	1.414	765.0	0.556	25.66
Dutch Guilder	0.225	0.315	0.890	73.90	2.720	0.707	1.	540.8	0.393	18.14
Italian Lira 1,000	0.416	0.583	1.646	136.6	5.030	1.307	1.849	1000	0.727	33.55
Canadian Dollar	0.572	0.802	2.265	188.0	6.920	1.798	2.544	1376.	1.	46.15
Belgian Franc 100	1.240	1.758	4.907	407.5	14.92	3.896	5.511	2961.	2.167	100.

MONEY MARKETS

Further shortage

Day to day credit was in short supply in the London money market yesterday. The Bank of England forecast a shortage of around £650m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £151m and Exchequer transactions a further £260m. There was also a rise in the note circulation of £170m while banks brought forward balances £46m below target.

The Bank gave assistance in the morning of £442m. This comprised purchases of £16m of eligible bank bills in band 1 (up to 14 days) at 8¾ per cent and £26m in band 2 (15-33 days) at 9 per cent. In band 3 (34-63 days) it bought £64m of eligible bank bills at 8 13/16 per cent and in band 4 (64-91 days) £10m of Treasury bills, £2m of local authority bills and £65m of eligible bank bills all at 8¾ per cent. The Bank also arranged sale and repurchase agreements on £266m of bills at 9 per cent, unwinding on February 7.

The forecast was later revised to a shortage of around £700m, before taking into account the morning's assistance and the Bank gave further help in the afternoon of £310m. This comprised purchases of £87m of eligible bank bills in band 2 at 9 per cent and £7m in band 3 at 8 13/16 per cent. In band 4 it bought £216m eligible bank bills at 8¾ per cent.

Three-month interbank money was unchanged at 9¼-9⅛ per cent as were three-month eligible bank bills bid at 8 13/16 per cent.

Weekend interbank money opened at 9¼-9½ per cent and rose to 9½-9⅞ per cent before easing after the second round of assistance to finish at about 4 per cent.

UK clearing banks' base lending rate 9 per cent (since October 4 and 5)

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Jan. 20 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	4-9⅛	9-9⅛	6-9⅛	4-9⅛	—	—	—	—	—
2 days notice	—	—	9	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 day notice	—	9⅛-9¼	9-9⅛	9¼-9½	8⅞-9	—	—	—	—	—
One month	9¼-9⅛	[illegible]	9⅛	[illegible]	9-9⅛	9-9⅛	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	9¼	[illegible]	9-9⅛	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	9⅛-9½	9¼	9¼	9-9⅛	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	9½	—	—	—	—	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	9¾	—	—	—	—	—	—	—
One year	[illegible]	9⅞-10	9¾	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Certs of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	9¼-9⅛	—	9⅛	8.4-8.5	[illegible]	9-9⅛
Two months	[illegible]	—	[illegible]	8.45-8.55	[illegible]	[illegible]
Three months	9¾-9⅛	—	9⅛	8.65-8.75	[illegible]	[illegible]
Six months	[illegible]	—	[illegible]	8.7-8.8	[illegible]	[illegible]
Nine months	[illegible]	—	[illegible]	9.5-10.1	—	—
One year	[illegible]	—	10	10.00-10.20	[illegible]	[illegible]
Two years	—	10¼	—	—	—	—
Three years	—	10¾	—	—	—	—
Four years	—	10⅛	—	—	—	—
Five years	—	10⅛	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period December 7 1983 to January 3 1984 (inclusive) 8.492 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rates (published by the Finance Houses Association): 9½ per cent from January 1 1984. London and Scottish Clearing Bank Rates for lending 9 per cent. London Deposit Rates for sums at seven days' notice 5½ per cent. Treasury Bills: Average tender rate of discount 8.8651 per cent. Certificates of Tax Deposit (Series 6) Deposits of £100,000 and over held under one month 9½ per cent; one-three months 9¾ per cent; three-six months 10 per cent; six-12 months 10¼ per cent. Under £100,000 9½ per cent from January 12. Deposits held under Series 4-5 10¼ per cent. The rate for all deposits withdrawn for cash 8 per cent.

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING (11.00 a.m. January 20)

3 months U.S. dollars

bid 9 11/16 offer 9 13/16

6 months U.S. dollars

bid 9 7/8 offer 10

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Jan. 20	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Kroner
Short term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 day's notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One Year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Asian $ (closing rates in Singapore): Short-term 9½-9⅝ per cent; seven days 9 9/16-9 11/16 per cent; one month 9 9/16-9 11/16 per cent, three months 9 11/16-9 13/16 per cent; six months 9⅞-10 per cent; one year 10¼-10⅜ per cent. Long-term Eurodollars two years 10¾-11 per cent; three years 11¼-11½ per cent; four years 11⅝-12 per cent; five years 12-12¼ per cent nominal closing rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1983/84 High	1983/84 Low
METALS					
Aluminium	£1100	[illegible]	£810-815	£1100	£810-815
Free Market c.i.f.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Antimony					
Free Market 99.6%	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Copper Cash High Grade	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 months do. do.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cash Cathode	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 months do.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gold per oz	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lead Cash	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nickel	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Free Market c.i.f. lb	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Palladium per oz	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Platinum per oz	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quicksilver (76lb)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Silver per oz	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 months per oz	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tin cash	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tungsten Ind	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Wolfram (22.04 lb)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Zinc cash	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Producers	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GRAINS					
Barley Futures	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Maize French	£147.00	[illegible]	[illegible]	[illegible]	[illegible]
Wheat Futures	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hard Winter Wheat	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SPICES					
Cloves	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pepper, white	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
black	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OILS					
Coconut (Philippines)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Groundnut	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Linseed Crude	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Palm Malayan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SEEDS					
Copra (Philippines)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Soyabeans (U.S.)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OTHER COMMODITIES					
Cocoa Shipment	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cocoa Futures May	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Coffee Futures Mar.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cotton Index	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dry Coconut	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gas Oil Fut. Feb	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jute UA BWC grade	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Rubber kilo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sago Pearl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sisal No. 3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sugar (Raw)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tapioca No. 1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tea quality kilo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
low med. kilo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Wooltops 64s Super	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* Unquoted. (y) Feb. (v) March. (z) May. (w) Jan-Feb. (u) Feb-March. (q) Madagascar. (s) Ghana cocoa.

LONDON OIL

SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	[illegible]	[illegible]
Iranian Light	[illegible]	[illegible]
Arab Heavy	[illegible]	[illegible]
North Sea (Forties)	[illegible]	[illegible]
North Sea (Brent)	[illegible]	[illegible]
African Bonny Lt	[illegible]	[illegible]
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	[illegible]	[illegible]
Gas Oil	[illegible]	[illegible]
Heavy fuel oil	[illegible]	[illegible]

CRUDE OIL FUTURES

Month	Yest'day's close	+ or −	Business Done
	$ U.S. per barrel		
Feb	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]

Turnover: [illegible] lots of 1,000 barrels.

GOLD MARKETS

LONDON FUTURES

Month	Yest'day's close	+ or −	Business Done
	$ per troy ounce		
Jan	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]

Turnover: 263 (504) lots of 100 troy ounces.

GAS OIL FUTURES

Month	Yest'day's close	+ or −	Business Done
	$ U.S. per tonne		
Jan	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]

Turnover: 3,120 (2,890) lots of 100 tonnes.

Gold Bullion (fine ounce)

	Jan. 20		Jan. 19	
Close	[illegible]	[illegible]	[illegible]	[illegible]
Opening	[illegible]	[illegible]	[illegible]	[illegible]
Morning fixing	[illegible]	[illegible]	[illegible]	[illegible]
Afternoon fixing	[illegible]	[illegible]	[illegible]	[illegible]

Gold and Platinum Coins Jan. 20

Krugerrand	[illegible]		King Sov	[illegible]
½ Krug	[illegible]		Victoria Sov	[illegible]
¼ Krug	[illegible]		French 20s	[illegible]
1/10 Krug	[illegible]		50 pesos Mex	[illegible]
Mapleleaf	[illegible]		100 Cor. Aust	[illegible]
New Sov.	[illegible]		$20 Eagle	[illegible]
½ New Sov.	[illegible]		Noble Plat	[illegible]

REVIEW OF THE WEEK

London cocoa market stages strong rally

BY OUR COMMODITIES STAFF

PRICES ON most leading London commodity exchanges rallied strongly towards the end of the week after being depressed early on, partly because of sterling's strength against the dollar.

A continued sell-off in cocoa took the May futures position down to £1,785 a tonne—£246 below the recent peak—before a technical reaction against the fall turned the price graph sharply upwards. Concern about delayed shipments from Nigeria was also quoted as a factor influencing the rise, which left the May position £152.50 up on the week at £1,976.50 a tonne.

Coffee's sustained upsurge was interrupted by a brief sell off which took the March futures quotation down to £2,021.5 at one point. But with tight nearby supplies continuing to encourage a basically bullish undertone the setback was quickly reversed and March coffee ended the week £62 up on balance at £2,097.50 a tonne after rising £43.50 yesterday.

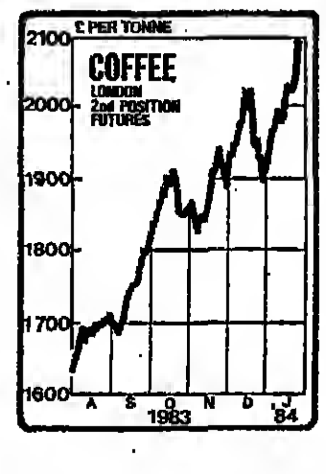
Pessimism about the prospects for significant progress towards agreement on a new International Sugar Agreement at talks which began in London on Monday tended to discourage buyers on the London sugar futures market and the May position slipped to a new 8-month low of £143.75 a tonne. But in line with other markets the price rallied to end the week at £150.40 a tonne, up £0.025.

F.O. Licht, the West German statistical organisation, raised its estimate of world 1983-84 sugar production to 95.14m tonnes, up 660,000 tonnes from its October forecast. But the news had little market impact as Licht had already announced a 1.18m tonnes increase in its European output estimate in the interim.

On the London Metal Exchange zinc was again the star performer. A sharp stocks fall last week was shrugged off on Monday as news that Asarco had reached a tentative agreement with its workers on a new labour contract helped to push the cash price £10.25 lower at £668.25 a tonne.

This fall was quickly reversed, however, encouraged by the continuing tight supply situation, a European producer price rise of $30 to $1,010 a tonne and predictions of a further stocks fall this week. By last night's close cash zinc was quoted at £696.50 a tonne, up £18 on the week, the highest level for 9½ years. The squeeze on nearby supplies has resulted in the establishment of a cash premium of £8.25 over three months.

Copper ended £9.75 down at £963.50 a tonne having rallied from a low of £945 a tonne.



BASE METALS

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £958.5, three months £983.5, 83, 82.5, 82, 82.5, 83. Cathodes: Cash £947, three months £968.5. Kerb: Higher Grade: Three months £983, 83.5, 84. Afternoon: Higher Grade: Three months £985, 86, 87, 86, 86, 86.5, 87. Kerb: Higher Grade: Three months £988, 88.5, 89.5, 90. Turnover: 23,375 tonnes.

COPPER

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grade	£	£	£	£
Cash	[illegible]	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]
Settlem't	[illegible]	[illegible]		
Cathodes				
Cash	[illegible]	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]
Settlem't	[illegible]	[illegible]		
U.S. prod.			[illegible]	

TIN

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grade	£	£	£	£
Cash	[illegible]	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]
Settlem't	[illegible]	[illegible]		
Standard				
Cash	[illegible]	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]
Settlem't	[illegible]	[illegible]		
Straits E.	[illegible]	[illegible]		
New York				

LEAD

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	[illegible]	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]
Settlem't	[illegible]	[illegible]		
U.S. Spot			[illegible]	

ZINC

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	[illegible]	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]
Settlem't	[illegible]	[illegible]		
Primw'ts			[illegible]	

ALUMINIUM

Aluminium	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Spot	1090.5-1.5	-8.5	1101-2	-.5
3 months	1118-.5	-10	1128.5-9	-1

Aluminium—Morning: Three months £1,117, 16, 17, 18, 17.5, 18, 19, 20, 19.5, 19. Kerb: Three months £1,116, 20, [illegible]

NICKEL

NICKEL	a.m. Official	+ or −	p.m. Unofficial	+ or −
Spot	[illegible]	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]

* Cents per pound. † M$ per kilo. ‡ On the previous unofficial close.

SILVER

[illegible]

SILVER per troy oz.	Bullion fixing price	+ or −	L.M.E. p.m. Unofficial	+ or −
Spot	[illegible]	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]
6 months	[illegible]	[illegible]	—	
12 months	[illegible]	[illegible]	—	

LME—Turnover [illegible]

COCOA

COCOA	Yesterday's Close	+ or −	Business Done
	£ per tonne		
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]

Sales: 10,700 (11,823) lots of 10 tonnes. ICCO indicator prices (U.S. cents per pound). [illegible]

COFFEE

COFFEE	Yest'day's Close	+ or −	Business Done
January	2082-80	+38.0	2085-55
March	2097-98	+45.5	2100-50
May	1967-70	+25.0	1975-50
July	1900-09	+3.0	1913-00
Sept	1858-09	+2.5	1865-60
Nov	1830-32	+2.0	1835-30
January	1795-05	+11.5	1810-00

Sales: 6,333 (2,781) lots of 5 tonnes. ICO Indicator prices (U.S. cents per pound) for Jan. 19: Comp. daily 1979 138.06 (138.15); 15-day average 137.18 (137.14).

GRAINS

WHEAT Mnth	Yesterd'ys close	+ or −	BARLEY Yest'rd'ys close	+ or −
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	—	
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]

Business done—Wheat: [illegible]

POTATOES

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
Feb	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]

RUBBER

[illegible]

INDICES

FINANCIAL TIMES

Jan. 19	Jan. 18	M'th ago	Y'er ago
291.98	290.60	295.22	247.74

(Base: July 1 1952=100)

REUTERS

Jan. 20	Jan. 19	M'th ago	Y'er ago
1989.2	1977.9	1970.4	1620.0

(Base: September 18 1931=100)

MOODY'S

Jan. 19	Jan. 18	M'th ago	Year ago
1058.1	1050.0	1060.8	1046.2

(Base: December 31 1931=100)

DOW JONES

Dow Jones	Jan. 19	Jan. 18	Month ago	Year ago
Spot	137.22	136.57	139.92	142.00
Fut's	139.33	[illegible]	149.09	141.88

(Base: September 18 1931=100)

SOYABEAN MEAL

The market opened unchanged in dull trade, reports T. G. Roddick. Prices firmed on mixed buying before easing on trade selling.

	Yesterday's close	+ or −	Business Done
	£ per tonne		
Feb	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]
December	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]

Sales: 60 (107) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £133.00 ($188.50), up £3.00 a tonne for Jan-Feb-March shipment. White sugar $217.50, up $3.00.

No. 4 Con-tract	Yesterday's close	Previous close	Business Done
	£ per tonne		
Mar	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]

No. 6 Contract	$ per tonne		
Mar	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]

Sales: No. 4 2,257 (2,491); No. 6 1,263 (767) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £240.00 (£237.00) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports). Prices for Jan 19: Daily price 7.08 (7.01); 15-day average 6.96 (same).

AMERICAN MARKETS

NEW YORK, January 20.

Gold and silver were under pressure as follow-through buying from Thursday's rally failed to materialise overseas and as dollar strength discouraged buying interest and led to long liquidation. Copper and aluminium fell in sympathy as sharply lower sterling encouraged arbitrage selling. Sugar rallied on reports of a change in India's sales policy. Cocoa rallied sharply on unconfirmed reports of a falling-off in Ivory Coast arrivals. Coffee was firm on roaster buying which touched off short-covering late in the session. Cotton was firm in response to a constructive export sales report. Heating oil continued to gain in the spot option on nearby tightness with deferreds mixed on profit-taking by commission houses. The grain and soyabean complex declined sharply as strength in the dollar continues to discourage export demand, reported Heinold Commodities.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	High	Low	Prev
March	78.60	77.10	78.50	77.70
May	77.05	77.65	77.10	78.25
July	78.95	78.45	78.45	79.20
Sept	79.85	—	—	80.15
Dec	90.20	—	—	81.56
Jan	80.65	—	—	82.00
March	81.55	—	—	82.95
May	82.45	—	—	83.90
July	83.35	—	—	84.85
Sept	84.25	—	—	85.80

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
March	2670	2674	2530	2533
May	2577	2577	2525	2489
July	2566	2566	2515	2478
Sept	2554	2554	2505	2466
Dec	2536	2536	2480	2448
March	2526	—	—	2438

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
March	144.73	44.90	42.75	42.77
May	138.50	38.55	37.75	37.74
July	135.77	35.80	35.25	35.36
Sept	133.50	33.50	33.05	32.90
Dec	130.93	31.30	31.20	30.65
March	128.38	—	—	27.14
May	126.50	—	—	26.25

COPPER 25,000 lbs, cents/lb

	Close	High	Low	Prev
Jan	61.10	61.00	61.00	62.00
Feb	61.25	—	—	82.15
March	61.80	62.25	61.45	82.75
May	63.10	63.50	62.80	64.00
July	64.40	64.85	54.25	65.35
Sept	65.75	66.25	65.60	66.70
Dec	67.80	68.30	67.50	68.75
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

COTTON 50,000 lbs, cents/lb

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Close	High	Low	Prev
Feb	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Jan	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Jan	826.6	822.0	815.0	833.5
Feb	831.0	—	—	835.5
March	833.0	835.0	821.0	842.0
May	847.0	848.0	835.0	856.2
July	861.1	863.0	850.0	870.5
Sept	875.6	875.0	866.0	885.2
Dec	897.8	898.0	887.0	907.7
Jan	905.4	—	—	915.4
March	920.8	920.0	916.0	930.9
May	936.8	—	—	947.3

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	High	Low	Prev
March	8.04	8.05	7.82	7.88
May	8.36	8.37	8.15	8.23
July	8.66	8.67	8.50	8.59
Sept	8.90	8.85	8.75	8.83
Oct	9.07	9.08	8.90	8.97
Jan	9.65	9.81	9.45	9.60
March	10.03	10.03	9.90	9.90

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Feb	69.90	70.90	69.77	70.00
April	67.35	68.47	67.26	68.07
June	66.10	66.82	65.95	66.25
Aug	64.62	65.20	64.90	64.67
Oct	62.55	63.20	62.55	62.57
Dec	63.55	64.25	63.50	63.60

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Feb	52.20	53.10	51.85	52.72
April	48.25	49.40	48.00	48.02
June	53.07	54.30	52.95	53.82
July	54.27	56.10	54.15	54.62
Aug	53.82	54.50	53.70	54.10
Oct	51.32	52.00	51.25	51.30
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]

MAIZE 5,000 bu min, cents/56 lb bushel

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEANS 5,000 bu min, cents/60 lb bushel

	Close	High	Low	Prev
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN OIL 60,000 lbs, cents/lb

	Close	High	Low	Prev
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

WHEAT 5,000 bu min, cents/60 lb bushel

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

SPOT PRICES—Chicago loose lard [illegible] cents per pound. [illegible]

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the two previous days is given with the relevant date.

† Bargains at special prices. ¶ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

UK PUBLIC BOARDS

COMMONWEALTH GOVT.

FOREIGN STOCKS (coupons payable London)

CORPORATIONS—FOREIGN

BANKS, DISCOUNT

BREWERIES

COMMERCIAL, INDUSTRIAL

A—B

C—D

E—F

G—H

I—J—K

L—M

N—O—P

Q—R—S

T—U—V

W—Y—Z

FINANCIAL TRUSTS

INSURANCE

INVESTMENT TRUSTS

UNIT TRUSTS

MINES—MISCELLANEOUS

MINES—SOUTH AFRICAN

OIL

PLANTATIONS

PROPERTY

RAILWAYS

SHIPPING

UTILITIES

WATERWORKS

UNLISTED SECURITIES MARKET

RULE 163 (2)

Applications granted for specific bargains in securities not listed on any Stock Exchange

RULE 163 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland...

Insurances—continued

Offshore & Overseas—continued

Money Market Trust Funds

Money Market Bank Accounts

Continued on Page 27

Italian property fund plans flotation

By Alan Friedman in Milan

EUROPROGRAMME, the Italian property investment fund controlled by Sig Orazio Bagnasco, the financier, hopes to secure a public quotation on the Milan bourse through a complex formula which depends on the passage of a new law by the Italian parliament.

Europrogramme is the flagship of Sig Bagnasco's network of property funds, which has total assets of $950m. Since 1969, it has attracted some 80,000 shareholders through the issue of unofficial "certificati atipici," share certificates which are not formally quoted and which can be sold door-to-door.

The sale of such certificates in Italy has come in for criticism and the authorities are making efforts to tighten rules regarding their sale. Sig Bagnasco, who also controls the Ciga hotel chain, now wishes to raise more capital and bring his property fund to the stock market.

He has chosen to seek the quotation through a route which several Milan bourse analysts yesterday described as "unorthodox."

His plan is to purchase a company on the Turin stock exchange called Fornara. Then, assuming a new law on property funds is passed this year, he will attempt to inject the assets of Europrogramme into Fornara and seek a full Milan quote for Fornara.

● Ciga Hotels made a pre-tax profit of L8bn ($4.7m) in 1983. Revenue rose by 34.9 per cent to L151.5bn. Comparable figures are not available.

● La Rinascente, the major retailing group, has announced a 15.4 per cent increase in 1983 turnover to L1,814bn ($1.07bn).

Volvo expects to double income on soaring sales

BY JOHN LLOYD, INDUSTRIAL EDITOR

VOLVO, the Swedish vehicle and industrial group, is expected to announce next week a profit figure for 1983 nearly double that of the previous year.

The group's pre-tax profit for 1982 was SKr 2.3bn ($282m), making the expected profit figure for 1983 around SKR 4bn-4.5bn. Turnover for 1983 is expected to be around SKr 100bn, compared with a 1982 figure of SKr 75bn.

Nearly half of the group's profits are attributable to its extraordinary and continuing success in the U.S. car market. Volvo's sales in the U.S. last year rose by 22.5 per cent to 87,682 units, helped by the devaluation of the Swedish currency and the rise in the dollar.

The company leads the league table of European-made cars imported into the U.S. by more than 12,000 from Volkswagen and more than 17,000 from Mercedes. Jaguar, which increased its sales by 53 per cent, still sold a relatively modest 15,815 units.

The company now has cash reserves of some £1bn ($1.42bn), much of which is earmarked for expenditure on energy projects. The company is seeking up to 50 per cent of Hamilton Oil Corporation, one of the leading U.S. independent oil companies.

Volvo executives believe the company is now exceptionally well placed to withstand rises and falls in its main market places. Analyses done for the company show that it has a small but rising share in most of the main car markets, and is thus not overexposed.

Most of the investment required for Volvo's 300 series small car, and for the 760 large saloon, has now been made, lowering the breakeven point of sales substantially.

French trading group cuts loss

BY DAVID MARSH IN PARIS

SCOA, the French-based international trading group in which the state-owned Paribas financial group holds a 26 per cent stake, reduced its consolidated net loss to FFr 35m ($4m) in the year ended September.

Scoa, which has a worldwide network of operations including plantations, plant manufacturing, vehicle sales and retail stores, incurred a net loss of FFr 148m in 1981-82, and has been undergoing a thorough restructuring.

The company, which has cut its overall workforce by about 3,000 during the last year or so, said it would continue to strive to improve its results in 1984. But the economic picture on traditional markets — Scoa has important interests throughout Francophone Africa and other parts of the Third World — had remained "uncertain" during the first months of the current financial year, Scoa said.

Turnover in 1982-83 was FFr 7.24bn, up from FFr 6.88bn.

Skandia lifts operating profits by 14%

BY DAVID BROWN IN STOCKHOLM

SKANDIA, Sweden's largest insurance company, reports consolidated operating profits on non-life insurance of SKr 1.1bn ($135m) for 1983, up 14 per cent.

Virtually the entire improvement came from capital management activities—where profits grew by SKr 160m to SKr 600m. Income from insurance operations dropped by SKr 30m to SKr 470m, due mainly to heavier losses outside Sweden, as well as strong price competition in the domestic commercial sector.

Profit per share rose by SKr 6 to SKr 45, and the board recommends a dividend of SKr 6, against SKr 5.

Alcoa ends year with sharp rise in earnings

By Our Financial Staff

ALUMINUM COMPANY of America (Alcoa), the biggest U.S. aluminium producer, yesterday reported its highest quarterly net earnings since the beginning of 1981, emphasising the upturn in the industry in the last few months of 1983.

The company announced net profits of $96.3m or $1.19 a share in the fourth quarter, compared with a loss of $33.7m or 45 cents. The latest quarter's profits compare with earnings per share of 60 cents in the third quarter and 43 cents in the second.

For the year, Alcoa posted net profits of $174.2m or $2.15 a share against $10.8m or 11 cents. Revenues rose from $4.7bn to $5.3bn, with $1.5bn ($1.1bn) coming in the final quarter.

In recognition of the improved business environment, Alcoa is lifting its expected 1984 capital spending to $600m, up from $411m last year. Half will go to modernise plants, particularly the U.S. flat rolled product facilities, while much of the rest will be used to sustain operations.

Alcoa of Australia, the unlisted 51 per cent subsidiary of the U.S. parent, has announced a net profit of A$58.1m (US$52.7m) on sales of A$995m in 1983. In 1982 the company had a net profit of A$61.1m on sales of A$960m.

According to the company its level of profitability is grossly inadequate to sustain a company with assets in excess of A$2.3bn. The 1983 return on assets was 2.5 per cent against 2.8 per cent in 1982.

Hill move bolsters AECI in explosives

BY OUR JOHANNESBURG CORRESPONDENT

AN ATTEMPT to challenge AECI's near monopoly position in the South African explosives market has foundered. The chemical's group, the country's largest, has agreed to buy the assets of National Explosives (NEL), the challenger.

The purchase is subject to the approval of South Africa's Competition Board. This is expected to be forthcoming because in spite of the virtual monopoly position of AECI in the explosives field its prices are about half of those internationally.

The sale of NEL's assets are the consequence of the desire to expand into fertilizers and chemicals by Mr Oliver Hill, who controls the company through two members of his group, the unlisted National Process Industries (NPI) and the listed Hanhill Industries. NPI owns 75 per cent of NEL and Hanhill the remaining 25 per cent.

Mr Hill's move to challenge the dominant position of AECI made him in 1981 an overnight hero of the advocates of the free market. Then the Competition Board found against AECI and ordered the mining industry to open its doors to the products of NEL—most notably those produced under licence from Du Pont.

In April 1982, Mr Hill expanded further into fertilisers and chemicals by master-minding the controversial acquisition of Swaziland Chemical Investments by Hanhill. The Swaziland company had been previously owned by Mr Hill and several business associates and was bought by Hanhill for R 42m ($33.6m) in shares.

The additional shares gave Mr Hill a strong controlling position—64 per cent—in Hanhill. Unfortunately for Mr Hill the Swaziland company's 1982 and 1983 performances were badly affected by the severe drought. Fertiliser sales slumped and the company incurred losses which had to be covered by Hanhill.

In the six months ended June, Hanhill suffered a pre-tax loss of R2.4m on a turnover of R41.5m. In contrast AECI had a pre-tax profit of R75.6m and a turnover of R747m in the same period.

Morgan Guaranty spin-off

BY WILLIAM HALL IN NEW YORK

MORGAN GUARANTY, the biggest money manager among U.S. banks, is to spin off its $35bn institutional investment operations into a separate subsidiary of its parent, J. P. Morgan.

The move comes only a week after news that five of its senior international investment managers had quit to set up a global investment management firm under the American Express umbrella.

Morgan confirmed yesterday that the institutional investment management team of around 150 officers would be transferred into the new unit.

Morgan is the latest and most prestigious U.S. bank to reorganise its investment management operations. The advantage is that it should help the group to act more flexibly and pay higher salaries. In recent years there has been a steady stream of departures from investment management teams, as managers switched to small firms.

First-half advance by Dai Nippon Printing

By Yoko Shibata in Tokyo

DAI NIPPON Printing, Japan's largest printing company, lifted its unconsolidated pre-tax profits by 7.1 per cent to Y24.2bn ($103.4m) in its first half to November 30, 1983. Brisk orders for books and periodicals, as well as continuing strong sales of electronics parts related to printing and a good net financial balance, were the main factors boosting earnings.

Net profits were 4.4 per cent higher at Y11.5bn on sales of Y308bn, up 8.5 per cent from the previous year. Net profits per share were Y19.13 compared with Y19.30 previously. The interim dividend is an unchanged Y5.

Sales in the books and periodicals division rose by 9.9 per cent to account for 19.5 per cent of turnover, thanks to orders for newly published material. Sales in the carton box and flexible packaging sector rose by 5 per cent, to account for 34.2 per cent of the total.

Sales in the commercial printing sector, accounting for 46.3 per cent of turnover, rose by 10.5 per cent, largely due to strong sales of the electronics division, up 30 per cent. The company has been producing various electronic parts such as photomasks for integrated circuits and shadow masks for colour television sets.

Dai Nippon's net interest received rose Y500m to reach Y1.7bn.

The company is forecasting full year pre-tax profits of Y48.4bn, up by 6.7 per cent, and net profits of Y23.2bn, up 4.8 per cent, on sales of Y618bn, up 8.2 per cent from the previous year.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

[illegible]

INSURANCES

[illegible]

Leading shares below best as volume falls slightly

Index 3.0 up for week's gain of 18.8 at record 826.9

Account Dealing Dates

Option *First Dealings	Declara-tions	Last Dealings	Account Day
Dec 30	Jan 12	Jan 13	Jan 23
Jan 16	Jan 26	Jan 27	Feb 6
Jan 30	Feb 9	Feb 10	Feb 20

* "New-time" dealings may take place from 9.30 am two business days earlier.

London equities continued their remarkable run as the first leg of the current trading Account drew to an active close yesterday. The FT Industrial Ordinary share index went higher at each hourly count before slipping after the official close to end 3 points better on the day; on the week the index was 18.8 up at record 826.9. Other broader-based indices also attained new peaks with the FT Actuaries All-share index just failing to break through 500 with a gain of 0.2 per cent to 499.55.

Wall Street's current caution again failed to inhibit equity markets. Investors paid more heed to official figures suggesting a continuation throughout the year of the UK economic recovery. Sentiment was also underpinned by re-assuring comment that the current consumer spending boom, which is largely being financed by increased bank borrowings, will not necessitate an increase in short-term interest rates.

Institutional buying of blue chip industrials was selective again but sufficient to promote widespread good gains in a market still short of many stocks. Bowater immediately resumed Thursday's late upsurge on U.S. buying and, on vague rumours of a U.S. bid of 350p per share, rose to 309p before settling only 3 up on balance at 294p. London Brick went up to 157p, after 159p, following the Monopolies Commission clearance of Hanson Trust's 145p per share bid and TI returned to favour with a rise of 8 to 200p on revived recovery hopes.

Speculative interest waned and numerous bid favourites succumbed to profit-taking. Strong and Fisher, easily the week's most active stock following announcement of Mr Asil Nadir's near-25 per cent stake, closed 13 down on the day at 185p. Of the sectors, Newspapers and kindred trades were buoyant on Reuter flotation hopes, while Life Insurances continued to make progress on comment about the benefits of MIRAS.

Sterling's late weakness against the dollar was too much for a Gilt-edged market already unsettled by the trend in financial futures yesterday. Longer-dated Gilts were susceptible and sustained losses extending to a ¾ after dealers had lowered quotations rather sharply around mid-day in an attempt to avoid relatively light selling. Thursday's newcomer to the list, £20-paid Treasury 10 per cent Convertible 1990, was a casualty and gave up ¾ at 20½. The dollar's late strength, which followed a U.S. GNP increase in line with flash estimates of 4.5 per cent, had less impact on short-dated Government stocks.

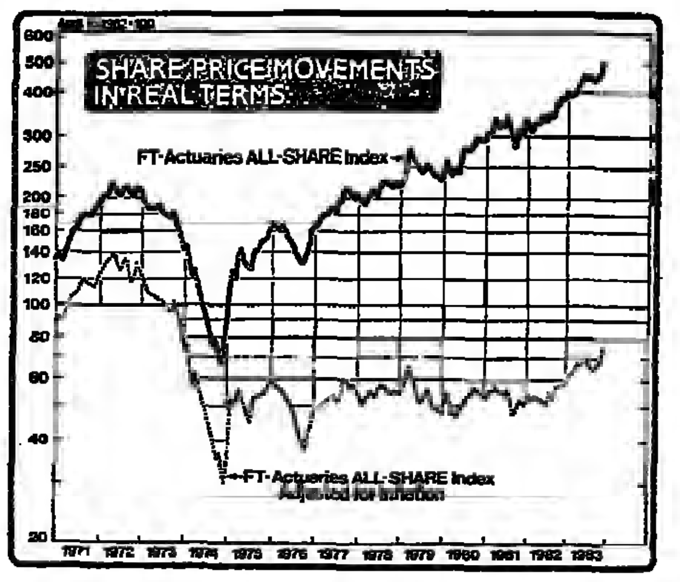
Royal Bk Scotland up

Official confirmation of a Press report that the Office of Fair Trading is examining Lloyds Bank's stake in Royal Bank of Scotland, increased to 21.3 per cent recently, to see whether the stronger linkage creates a "merger" situation, sparked off revived speculative buying of the latter which moved up sharply to 228p before settling at 224p, a rise of 7 on the day; Lloyds gained 5 to 585p. NatWest featured other clearers, spurting 22 to 730p, while Barclays gained 10 to 563p. Still reflecting fears that the bank would acquire the outstanding 43 per cent of Crocker National Bank not already owned, Midland were friendless and eased 3 to 422p, after 420p.

Favourable Press comment stimulated renewed buying of the recently-buoyant Life Insurance issues. Equity and Law put on 9 to 324p, while improvements of 7 and 8 respectively were seen in Britannic, 530p, and London and Manchester, 506p.

The excitement generated by latest developments in the London Brick/Hanson bid situation spilled over into other brickmakers with Ibstock Johnsen, itself on the receiving end of abortive bids from London Brick and Redland last year, jumping 8 to 190p. Baggeridge Brick touched 134p before closing 4 dearer on balance at 132p. Profit-taking left its mark on leading cement issues, Blue Circle losing 8 to 442p and Rugby Portland Cement shedding 3 to 109p. Timbers were firm under the lead of Meyer International, which gained 10 to 150p following a sizeable split buying order. Magnet and Southerns improved 4 to 158p and Travis and Arnold 3 to 335p. Elsewhere, John Finlan firmed 6 to 172p on country buying, while recovery prospects attracted buyers to Heywood Williams, up 3 at 140p. Marchwiel firmed 4 to 222p on news of its South African subsidiary's expansion plans and Y. J. Lovell put on 6 for a two-day gain of 16 to 178p in response to good preliminary results. By contrast, unfavourable comment in the wake of the recent annual figures left SGB 4 cheaper at 136p.

ICI fluctuated narrowly before settling a couple of pence easier and 14 lower on the week at 634p. Profit-taking clipped 10 from Allied Colloids, at 330p, but revived demand lifted Brent Chemicals 6 to 99p and Hickson International 10 to 388p.



Dixons better

Apart from Strong and Fisher, active conditions also prevailed in other Shoe and Leather concerns, notably Stylo, which advanced 7 to 325p, matching the intimated and rejected offer terms from Harris Queensway, unchanged at 314p. Lambert Howarth rose 8 for a two-day gain of 15 at 198p, while Press comment lifted FII 4 to 204p.

Major Retailers again drifted for want of attention with Burton another 4 off at 456p, and Habitat Mothercare a similar amount cheaper at 276p. A generally bullish Press response to the interim results prompted demand for Dixons, 10 better at 363p; brokers Phillips and Drew have raised their full-year profits forecast to £184m. Comment also aided Lincroft Kilgour, 3 up at 79p, while Herjamat closed 7 to the good at 72p, and Combined English firmed 3 to a 1983-84 peak of 51p. A sizeable two-way trade developed in Ratners, 3 better at 49p, but Andre de Brett eased a couple of pence to 44p in reaction to the halved interim profits.

Leading Electricals were often a shade easier. Movements elsewhere in the sector were also usually against holders with STC down 8 at 292p. Falls of around 10 were recorded in Electro-Protective, 172p, and Oxford Instruments, 310p, but NEI, down to 95p at one stage, rallied to close only ½ off on balance at 96½p following clearance of a line of shares which had been overhanging the market.

A particularly good week in the Engineering leaders ended on a quieter note, although revived demand took TI up 6 more to 198p for a five-day rise of 28. Interest elsewhere also tended to slacken. Davy Corporation, a nervous and dull market of late, rallied 9 to 61p following half-year results in line with expectations and maintenance of the interim dividend. Babcock International, in contrast, encountered some lumpy selling and gave up 8 at 170p. Continuing losses at the half-way mark left Benjamin Priest 4 cheaper at 18p.

Tate and Lyle, still unsettled by adverse comment on the preliminary results, eased to 408p before closing 2 cheaper at 412p. Unigate continued to respond to a broker's circular and rose 3 for a two-day gain of 8 to 125p. Avana rose 9 to 507p on talk of a sizeable buying order, but Maynards came back 10 to 270p in the absence of further bid developments. Revived demand lifted Bio-Isolates 5 to 80p, but profit-taking clipped 4 from Albert Fisher, at 91p.

Trusthouse Forte rose 9 to 208p helped by a good Press reception of the preliminary results.

Metal Box improve

Apart from the activity in Bowater, most leading miscellaneous industrials passed a relatively subdued trading session. Metal Box, however, came to life and touched 334p before settling 10 higher on balance at 330p. Pilkington were marked up to 263p initially on Press mention, but drifted back to close only 3 up on the day at 255p. Elsewhere, renewed support left Extel 30 higher at 500p, after 540p. Favourable comment prompted demand for Aaronite, 8 to the good at 145p and, for a similar reason gains of 2 were made by Cope Allman, 87½p, PH Industrials, 79p, and Restmor, 170p. Rank Organisation, up 4 more at 208p, continued firmly ahead of next Tuesday's preliminary statement. Downs Surgical edged up a couple of pence further to 40p, still reflecting the bid discussions with Smiths Industries; the latter announced earlier in the week that it had acquired a 13p per cent stake in Downs. Hoskins and Horton closed 4 to the good at 128p on news that Scottish Heritable Trust had increased its holding in the company to 29.08 per cent. Harvey and Thompson, particularly good market recently following Press mention, encountered profit-taking and gave up 6 at 104p. London and Liverpool, down to 14 at one stage on revived nervous selling, rallied to close unaltered at 18p.

Horizon Travel advanced 12 to 182p, Intasun 16 to 193p and Saga 4 to 116p in belated response to reports of sharply increased package holiday bookings. Elsewhere in the Leisure sector, Aspinall Holdings encountered sporadic selling and shed 6 to 135p. Samuelson Group, sharply higher on Thursday on suggestions that the shares were oversold, eased 5 to 370p, but retained a gain on the week of 50.

BL, which recently announced substantial cut-backs in its truck division, closed 3 cheaper at 65p, after 64p, amid escalating concern surrounding the future of its Jaguar cars operation, including the possible sale to America's General Motors. Elsewhere, Dowty again attracted support on long-term recovery hopes and finished 6 better at 144p.

The proposed Spring flotation of Reuters stimulated revived demand for leading Publishers. Associated Newspapers, 463p, and Daily Mail A, 560p, rose 15 and 30 respectively, while Reed International closed 8 better at 424p. Fleet Holdings, where Mr Robert Holmes a'Court holds a stake, advanced to 180p before settling a net 16 up on the day and 34 up on the week of 178p. In contrast, the 17 per cent downturn in mid-term profits left Haynes 20 lower at 200p. Elsewhere, Michael Peters attracted a lively trade in the wake of a Press mention and improved 16 to 131p, while interest was also evident for KLP which rose 15 to 165p in front of next Wednesday's preliminary results.

Leading Properties encountered sporadic selling following cautious Press comment. Land Securities eased 3 to 273p and MEPC softened a couple of pence to 274p. Stockley Developments, which made a firm and active market debut earlier in the week, came back 4 to 68p.

Shippings were highlighted by John I. Jacobs which continued to respond to speculative support and rose 8 for a five-day advance of 14 to 61p.

Textiles continued to make progress, although demand was mainly confined to the more speculative counters. Nova (Jersey) rose 5 more to 62p; the interim results are scheduled for January 30. Corah added 4 to 71p, and Sirdar 7 at 130p, while David Dixon returned to favour and advanced 10 at 112p.

Dealings in British Empire Securities and General Trust were resumed at last Tuesday's suspended level of 28p on the announcement that Imperial Life of Canada is proposing to assume responsibility for the trust's investment portfolio and is making a tender offer to acquire sufficient shares to increase its holding to 29.9 per cent. Shires Investment closed 4 to the good at 188p following at 285p, following a broker's re- various institutions and a proposed issue of Warrants to existing shareholders.

Lasmo up again

The Oil sector ended a week of brisk activity on a strong note. Irish exploration issues, although considerably calmer than on Thursday, remained nervous with Atlantic Resources finally a net 20 higher at 835p, but 65 down over the week on rumours that the appraisal well currently being tested offshore of Waterford had failed to encounter oil. Leading UK oils were again highlighted by LASMO, which continued to respond to talk of an imminent and encouraging drilling report from a well being tested on the Tiffany structure; persistent and sizeable buying interest lifted LASMO a further 18 to 322p, after 333p. BP initially rose to 430p but profit-taking pared the gain to one of 7 at 425p. Shell moved up 10 to 610p, boosted by renewed demand for Royal Dutch on the Amsterdam bourse, which via vague bid rumours accompanied support for Ultramar, 12 firmer at 653p. Britoil gained further ground and closed 5 up at 218p.

Second-line oils provided a feature in Sovereign Oil, up 30 at 385p following a brokers recommendation. Elsewhere, Pict Petroleum remained a strong market and added 4 more at a year's high of 172p. Cluff Oil put on a like amount at a 1983-1984 high of 110p. Australian oils were highlighted by Weeks Australia, 7 to the good at 124p on bid rumours, while Bridge Oil rose 10 more to 233p. Reports of a commercial oil discovery in Papua New Guinea left Oil Search 8 firmer at 21½p.

Overseas Traders moved irregularly. Revived interest was evident for Inchcape, 6 up at 318p, and for James Finlay, 5 better at 140p, but the chairman's cautious view of prospects clipped 3 from meat traders Thomas Borthwick, at 25p.

Bertam encountered scattered profit-taking following the directors' attempts to diffuse recent speculation and the shares eased a few pence to 185p, but retained a gain on the week of 35. London Sumatra were marked 300 higher to a basis price of 600p in response to the majority offer of 640p per share cash from parent Harrisons and Crosfield, 13 easier at 825p.

Quiet Mines

Mining markets ended the week in subdued fashion with interest restrained by a downturn in the bullion price and a lack of further progress by recently firm base-metal markets.

South African Golds failed to attract much attention but showed widespread gains on balance mainly reflecting the weakness of sterling against the dollar. The Gold Mines index showed an 8.1 rise at 545.1 while bullion ended the day $4.25 off at $370.625.

The sharemarket opened on a firm note, following strong gains in overnight American markets, but thereafter drifted back on a general lack of interest. One or two weak spots emerged, notably Southvaal which retreated a half-point to £35¼ owing to disappointment with the dividend announced after-hours on Thursday. Vaal Reefs made progress in early trading but also encountered selling pressure, mainly from Johannesburg and closed a shade easier at £72¾ while Western Deep were similarly on offer from the Cape and lost ¼ to £33¾. "Sallies," on the other hand, were well supported and posted a 17 gain at 405p on the better-than-expected dividend.

A generally firmer Australian sector was highlighted by Pancontinental 6 up at 82p and the speculative gold explorer Southern Resources which put on 6 to 120p.

Demand for Traded Options remained at a relatively high level with 3,995 contracts struck. The week's daily average amounted to 3,885 — the highest since last May's all-time record of 6,494. British Petroleum were particularly active with 918 calls struck, 374 in the January 420's which doubled to 10p. Lasmo again met interest on persisting hopes concerning its stake in the North Sea Tiffany structure and recorded 589 calls and 154 puts.

FINANCIAL TIMES STOCK INDICES

	Jan. 20	Jan. 19	Jan. 18	Jan. 17	Jan. 16	Jan. 13	Year ago
Government Secs	82.86	83.01	83.25	83.27	83.53	[illegible]	[illegible]
Fixed Interest	87.23	87.29	87.27	87.16	87.15	[illegible]	[illegible]
Industrial Ord.	826.9	823.9	821.4	807.1	812.7	[illegible]	[illegible]
Gold Mines	545.1	537.0	535.8	520.2	543.8	[illegible]	[illegible]
Ord. Div. Yield	4.34	4.34	4.36	4.42	4.40	[illegible]	[illegible]
Earnings, Yld.% (full)	9.15	9.12	9.06	9.22	9.14	[illegible]	[illegible]
P/E Ratio (net) (*)	13.41	13.41	13.49	13.26	13.37	[illegible]	[illegible]
Total bargains	30,465	28,074	27,776	28,007	[illegible]	[illegible]	[illegible]
Equity turnover £m.	—	402.13	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Equity bargains	—	26,365	24,403	25,140	27,147	[illegible]	[illegible]
Shares traded (ml)	—	223.4	204.6	[illegible]	[illegible]	[illegible]	[illegible]

10 am 825.8, 11 am 827.9, Noon 828.5, 1 pm 828.5, 2 pm 828.5, 3 pm 826.1.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=12.53.

HIGHS AND LOWS

—	1983/84 High	1983/84 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.77 (9/1/84)	77.00 (24/1/83)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.28 (19/1/84)	79.03 (1/2/83)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	826.9 (20/1/84)	598.4 (12/1/83)	826.9 (20/1/84)	49.4 (26/6/40)
Gold Mines	734.7 (15/2/83)	444.6 (1/11/83)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 19	Jan. 18
Daily		
Gilt Edged Bargains	215.9	195.5
Equities Bargains	170.1	158.1
Value	752.1	659.4
5-day Average		
Gilt Edged Bargains	207.0	198.4
Equities Bargains	169.8	164.5
Value	749.4	717.2

LEADERS AND LAGGARDS

Percentage changes since December 30 1983 based on Thursday, January 19 1984

Office Equipment	+11.73	Industrial Group	+ 6.08
Tobaccos	+10.97	Consumer Group	+ 6.00
Banks	+10.00	All-Share Index	+ 5.94
Metals and Metal Forming	+ 9.61	Brewers and Distillers	+ 5.86
Overseas Traders	+ 8.97	500 Share Index	+ 5.83
Mechanical Engineering	+ 8.95	Financial Group	+ 5.81
Mining Finance	+ 8.91	Building Materials	+ 5.46
Health and H'sehold Products	+ 8.61	Insurance (Composite)	+ 5.40
Packaging and Paper	+ 8.37	Other Groups	+ 4.93
Contracting, Construction	+ 8.36	Shipping and Transport	+ 4.88
Discount Houses	+ 8.36	Oils	+ 4.61
Textiles	+ 8.33	Other Consumer	+ 4.53
Food Manufacturing	+ 7.93	Insurance Brokers	+ 4.40
Newspapers, Publishing	+ 7.74	Other Industrial Materials	+ 4.38
Motors	+ 7.46	Food Retailing	+ 3.40
Capital Goods	+ 6.74	Leisure	+ 3.35
Electronics	+ 6.59	Stores	+ 2.81
Electricals	+ 6.38	Merchant Banks	+ 2.59
Insurance (Life)	+ 6.26	Property	+ 2.18
Investment Trust	+ 6.16	Chemicals	+ 1.76
		Gold Mines Index	− 6.72

NEW HIGHS AND LOWS FOR 1983/84

NEW HIGHS (192)

FOREIGN BONDS (1)
AMERICANS (3)
BANKS (9)
BREWERS (2)
BUILDINGS (6)
CHEMICALS (5)
STORES (9)
ELECTRICALS (6)
ENGINEERING (12)
FOODS (3)
HOTELS (5)
INDUSTRIALS (30)
INSURANCE (8)
LEISURE (1)
MOTORS (2)
NEWSPAPERS (6)
PAPER (5)
PROPERTY (3)
SHIPPING (2)
SHOES (2)
TEXTILES (5)
TOBACCOS (1)
TRUSTS (33)
OILS (8)
PLANTATIONS (3)
MINES (2)

NEW LOWS (8)

BRITISH FUNDS (2)
Treas. 2pc I.L. '90 Treas. 2½pc IL 2011
BREWERS (1)
Young Brew. A
ELECTRICALS (2)
Brevilie Europe Citer
INDUSTRIALS (1)
Flopla
LEISURE (1)
Ninsto Internatl.
TRUSTS (1)
Flextech

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Jan 23	Feb 3	Apr 26	May 8
Feb 6	Feb 17	May 10	May 21
Feb 20	Mar 2	May 31	Jun 11

For rate indications see end of Share Information Service

Demand for Options subsided but calls were arranged in G. M. Firth, Bowater, Aran Energy, Raglan Property Trust, Milford Docks, Inter-City, Low and Bonar, Lamont, ICL, De Beers Defd, Oxford Instruments, Brengreen, Ibstock Johnsen, Suter and Burmah. Puts were taken out in London and Liverpool and Suter, while doubles were transacted in Inter-City and Wolverhampton Steam Laundry.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1983/84 High	1983/84 Low	Stock	Closing price p	+ or −	Net Div.	Times Covered	Gross Yield	P/E Ratio
33	F.P.	[illegible]	[illegible]	[illegible]	Brewmaker 1p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
¶435	F.P.	[illegible]	[illegible]	[illegible]	Brit. Petroleum	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
¶275	[illegible]	[illegible]	[illegible]	[illegible]	Cable & Wireless 50p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1983/84 High	1983/84 Low	Stock	Closing price £	+ or −
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Allied Textile 10% Cnv. Uns. Ln. 1993	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1983/84 High	1983/84 Low	Stock	Closing price p	+ or −
300	Nil	[illegible]	[illegible]	[illegible]	Carlton Communications 5p	[illegible]	[illegible]
88	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
160	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
500	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
30	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. [illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri Jan 20 1984 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Thur Jan 19 Index No.	Wed Jan 18 Index No.	Tues Jan 17 Index No.	Mon Jan 16 Index No.	Year ago (approx.) Index No.	1983-84 High	1983-84 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (205)	496.22	−0.4	8.52	3.59	15.21	498.27	498.15	492.47	494.59	427.24	498.27 (19/1/84)	413.64 (27/1/83)	498.27 (19/1/84)	50.71 (13/12/74)
2	Building Materials (25)	475.30	+0.8	10.57	4.49	11.83	471.68	470.72	467.23	466.09	417.63	475.30 (20/1/84)	402.34 (1/1/83)	475.30 (20/1/84)	44.27 (11/12/74)
3	Contracting, Construction (32)	734.98	−0.4	12.85	4.86	9.72	737.93	737.49	730.56	732.67	753.45	831.09 (15/3/83)	654.09 (25/10/83)	831.09 (15/3/83)	71.48 (2/12/74)
4	Electricals (15)	1741.99	−0.5	6.98	3.88	18.21	1751.39	1753.78	1764.57	1795.71	1602.95	1909.93 (3/6/83)	1523.07 (27/1/83)	1909.93 (3/6/83)	84.71 (25/6/62)
5	Electronics (24)	1729.07	−1.5	8.16	2.14	16.09	1755.12	1752.45	1731.33	1744.70	0.00	1755.12 (19/1/84)	1617.13 (4/1/84)	1755.12 (19/1/84)	1617.13 (4/1/84)
6	Mechanical Engineering (64)	233.45	+0.7	10.08	4.85	12.32	231.84	231.42	227.16	229.40	199.86	233.45 (20/1/84)	184.50 (18/10/83)	233.45 (20/1/84)	45.43 (6/1/75)
8	Metals and Metal Forming (9)	195.07	—	8.45	6.01	15.44	195.15	194.88	191.10	189.94	159.98	195.15 (19/1/84)	147.60 (4/1/83)	195.15 (19/1/84)	49.65 (6/1/75)
9	Motors (17)	132.70	−0.3	1.09	4.08	—	133.10	134.09	131.83	131.00	78.66	134.09 (18/1/84)	76.73 (24/1/83)	170.59 (15/1/69)	19.91 (6/1/75)
10	Other Industrial Materials (19)	630.53	—	5.02	3.53	26.45	630.56	634.20	627.56	626.37	386.62	634.20 (18/1/84)	362.82 (1/1/83)	634.20 (18/1/84)	277.55 (15/1/81)
21	CONSUMER GROUP (196)	490.58	+0.2	9.83	4.12	12.46	489.73	489.64	484.64	486.25	409.22	490.58 (20/1/84)	395.44 (12/1/83)	490.58 (20/1/84)	61.41 (13/12/74)
22	Brewers and Distillers (23)	467.32	+0.4	12.43	5.15	10.08	465.66	464.79	458.46	461.22	451.87	486.54 (15/2/83)	413.82 (17/10/83)	486.54 (15/2/83)	69.47 (13/12/74)
25	Food Manufacturing (22)	396.42	−0.1	11.79	5.16	9.92	396.77	397.03	390.96	390.82	334.59	397.03 (18/1/84)	318.68 (23/5/83)	397.03 (18/1/84)	59.67 (11/12/74)
26	Food Retailing (12)	1107.15	−0.3	7.49	2.63	17.18	1110.26	1116.45	1104.59	1109.37	857.53	1124.08 (6/1/84)	815.37 (30/3/83)	1124.08 (6/1/84)	54.25 (11/12/74)
27	Health and Household Products (9)	775.75	+0.4	6.07	2.84	19.37	772.93	760.88	755.00	765.29	725.75	879.98 (18/4/83)	663.01 (1/1/83)	879.98 (18/4/83)	175.38 (28/5/80)
29	Leisure (25)	645.63	+1.5	8.44	4.37	15.24	636.21	634.08	625.69	626.99	485.80	645.63 (20/1/84)	451.80 (12/1/83)	645.63 (20/1/84)	54.83 (9/1/75)
32	Newspapers, Publishing (15)	1199.55	+2.4	7.40	4.06	16.18	1171.86	1161.10	1154.63	1155.90	698.18	1199.55 (20/1/84)	619.26 (4/1/83)	1199.55 (20/1/84)	55.08 (6/1/75)
33	Packaging and Paper (15)	240.78	+1.4	10.54	4.16	11.66	237.37	233.01	227.83	228.19	151.65	240.78 (20/1/84)	139.78 (4/1/83)	240.78 (20/1/84)	43.46 (6/1/75)
34	Stores (47)	439.58	−0.2	7.77	3.53	17.47	440.34	444.80	442.30	447.68	352.28	447.68 (16/1/84)	342.40 (24/1/83)	447.68 (16/1/84)	52.63 (6/1/75)
35	Textiles (19)	271.82	+0.7	11.18	4.34	10.36	269.93	268.60	262.45	263.69	180.09	271.82 (20/1/84)	171.44 (1/1/83)	271.82 (20/1/84)	62.66 (11/12/74)
36	Tobaccos (3)	570.31	−0.9	17.43	5.61	6.42	575.70	579.66	578.30	559.24	490.39	579.66 (18/1/84)	395.33 (10/8/83)	579.66 (18/1/84)	94.34 (13/6/62)
39	Other Consumer (8)	477.47	−0.2	9.94	5.38	—	478.20	480.07	476.74	468.58	356.90	480.07 (18/1/84)	334.21 (1/1/83)	480.07 (18/1/84)	229.84 (28/9/81)
41	OTHER GROUPS (83)	442.57	−0.2	7.64	3.98	16.48	443.29	442.70	436.48	436.80	300.72	443.29 (19/1/84)	288.55 (12/1/83)	443.29 (19/1/84)	58.63 (6/1/75)
42	Chemicals (16)	639.44	−0.3	6.92	3.99	19.14	641.18	646.55	636.83	641.37	395.24	646.55 (18/1/84)	379.93 (12/1/83)	646.55 (18/1/84)	71.20 (1/12/74)
44	Office Equipment (5)	122.46	+0.3	8.53	4.68	14.60	122.12	120.19	119.91	122.42	89.28	122.46 (20/1/84)	80.95 (1/1/83)	246.06 (1/9/72)	46.34 (2/1/75)
45	Shipping and Transport (14)	850.26	+0.3	7.47	4.77	18.10	847.66	826.40	820.64	822.53	539.84	850.26 (20/1/84)	520.64 (4/1/83)	850.26 (20/1/84)	90.80 (29/6/62)
46	Miscellaneous (48)	574.29	−0.2	8.28	3.73	14.47	575.48	573.33	564.30	560.03	428.63	575.48 (19/1/84)	409.35 (12/1/83)	575.48 (19/1/84)	60.39 (6/7/75)
49	INDUSTRIAL GROUP (486)	490.43	−0.1	9.05	3.92	13.81	490.77	490.58	485.08	486.65	401.38	490.77 (19/1/84)	391.26 (12/1/83)	490.77 (19/1/84)	59.01 (13/12/74)
51	Oils (16)	1096.22	+1.7	11.09	5.88	10.96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX (500)	533.58	+0.2	9.38	4.24	13.25	532.44	532.85	524.70	526.32	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (122)	392.26	+0.4	—	4.88	—	390.87	389.15	384.42	385.44	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	418.60	+1.7	20.52	6.12	5.29	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (8)	[illegible]	[illegible]	—	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (9)	542.83	+0.7	—	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (9)	261.75	[illegible]	—	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (6)	672.76	[illegible]	10.17	4.28	13.55	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (12)	250.57	−0.1	—	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (54)	545.99	−0.6	5.57	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Other Financial (18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (107)	512.97	[illegible]	—	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	304.34	−0.3	8.66	4.79	14.18	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (15)	544.96	−0.1	7.01	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (749)	499.55	+0.2	—	4.36	—	498.45	497.74	491.39	492.90	396.16	499.55 (20/1/84)	382.22 (1/1/83)	499.55 (20/1/84)	61.92 (13/12/74)

FIXED INTEREST

	PRICE INDICES	Fri Jan 20	Day's change %	Thur Jan 19	xd adj. today	xd adj. 1984 to date
	British Government					
1	5 years	117.84	−0.06	117.90	—	1.00
2	5-15 years	130.67	−0.48	131.31	—	3.26
3	Over 15 years	141.21	−0.63	142.10	—	3.56
4	Irredeemables	151.91	−0.55	152.74	—	0.00
5	All stocks	129.67	−0.38	130.17	—	[illegible]
6	Debentures and Loans	108.67	−0.02	108.69	—	0.86
7	Preference	80.87	—	80.87	—	[illegible]

	AVERAGE GROSS REDEMPTION YIELDS		Fri Jan 20	Thur Jan 19	Year ago (approx)	1983-84 Highs	1983-84 Lows
	British Government						
1	Low Coupons	5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2		15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3		25 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Medium Coupons	5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5		15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6		25 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7	High Coupons	5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8		15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
11	Debs & Loans	5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12		15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13		25 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14	Preference		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Other Industrial Materials	31/12/80	287.41	Other Financial	31/12/70	128.06
Other Consumer	31/12/80	238.14	Food Manufacturing	29/12/67	114.13
Health/Household Prods.	30/12/77	261.77	Food Retailing	29/12/67	114.13
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67
Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Electronics	30/12/83	1646.65	All Other	10/4/62	100.00
Mechanical Engineering	31/12/71	153.84	British Government	31/12/75	100.00
Office Equipment	16/1/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72

† Flat yield. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

CONSTITUENT CHANGES: Bishop's Group (26) has been deleted and replaced by Whatman, Reeve, Angel (33). Eagle Star Holdings (66) and Stenhouse Holdings (67) have been deleted and not replaced.

RISES AND FALLS

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	1	96	5	81	217	213
Corpns. Dom. and Foreign Bonds	2	10	67	51	31	313
Industrials	334	260	809	1,805	1,080	4,130
Financial and Props.	136	91	294	688	385	1,532
Oils	49	10	51	186	128	281
Plantations	7	5	8	27	30	43
Mines	70	21	79	243	230	377
Others	81	47	71	254	321	315
Totals	680	549	1,384	3,334	2,424	7,203

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Bowater	294	+ 8	Meyer Int'l	150	+10
BP	425	+ 7	Royal Bank of Scot	224	+ 7
Fleet Hldgs	176	+16	Shell Transport	610	+10
ICI	634	− 2	TI	198	+ 6
LASMO	322	+18	Tate & Lyle	412	− 2
London Brick	157	+11	Trusthouse Forte	208	+ 9

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Last Thurs. close	Change on week	Stock	No. of changes	Last Thurs. close	Change on week
Strong & Fisher	256	198	+38	Beecham	89	323	+11
Lon & Liv Trust	135	18	− 6	Thorn EMI	88	643	−34
Phoenix Assur	101	443	− 4	Stylo	87	318	+45
RTZ	101	655	+21	BAT Inds	86	205	+18
Mnemos	100	53	+18	Ingram (H.)	81	315	−15
Glaxo	97	808	+13	BTR	80	430	− 4
Bowater	93	291	+31	Bkr McConnell	80	115	+16

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ended Thursday

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
Stylo	24	318	+ 8	Tate & Lyle	14	414	−23
P & O Dfd	18	280	+18	Grand Met	13	345	+ 2
Beecham	18	323	+ 8	NatWest Bank	13	708	+11
Glaxo	15	808	+13	Rank Org	13	205	+ 5
Pearson (S.)	15	443	+17	Bowater	12	291	+21
Trusthse Forte	15	199	+ 3	Fleet Hldgs	12	160	+10
Mnemos	14	53	− 7	Polly Peck	12	282	− 8

هكذا من الأصل

INSURANCE & OVERSEAS MANAGED FUNDS

Lloyds Life Assurance—cont.
Cartmore Funds—Series A

American Jan 17	176.7	186.1	.....	—
British Jan 17	136.5	143.7	.....	—
Commodity Jan 17	132.0	139.0	.....	—
Extra Inc Jan 17	123.5	130.0	.....	—
Far Eastern Jan 17	126.9	133.6	.....	—
High inc Jan 17	129.7	136.6	.....	—
Income Jan 17	159.2	167.6	.....	—
Global Street Jan 17	192.8	203.0	.....	—
Special Sits Jan 17	146.1	153.8	.....	—
Gilt Jan 17	106.0	111.6	.....	—
Japan Jan 17	182.8	192.5	.....	—
U. Small Co's Jan 17	134.6	141.7	.....	—
Man Gen Jan 17	161.7	169.8	.....	—
Austrin Jan 17	117.5	123.7	.....	—
Oil and Energ Jan 17	124.5	131.1	.....	—
Gold Share Jan 17	74.4	78.4	.....	—

London A'deen & Nthn. Mtl. Assur. Ltd.
129 Kingsway, London, WC2B 6NF. 01-404 0393

'Asset Builder'	68.2	72.2	.....	—

London Indemnity & Gnl. Ins. Co. Ltd
18-20, The Forbury, Reading 583511

Money Mngr Jan 13	63.9	69.0	.....	—
MM Flexible Jan 6	53.6	56.5	.....	—
Fixed Interest Jan 3	56.5	59.6	.....	—

London Life Linked Assur. Ltd.
100, Temple St., Bristol, BS1 6EA. 0272-279179

See adjacent page Mon-Fri and Stock Exchange Dealings page Sat.

London & Manchester Gp.
Winslade Park, Exeter EX5 1DS. 0392 52155

Invest. Tst. Fd. Cap.	120.1	—	+0.7	—
Invest. Tst. Fd. Acc.	158.9	—	+0.7	15.6
Property Fund Cap.	118.1	—	—	—
Property Fund Acc.	125.9	—	+0.1	4.9
Flexible Fund Cap.	191.5	—	+0.5	—
Flexible Fund Acc.	264.0	—	+0.4	5.5
Fixed Int. Fd. Cap.	140.5	—	−0.5	—
Fixed Int. Fd. Acc.	149.9	—	−0.5	—
Gtd. Deposit Fd. Cap.	139.9	—	—	—
Gtd. Deposit Fd. Acc.	147.9	—	—	—
Equity Fund Cap.	138.5	—	+0.5	—
Equity Fund Acc.	147.0	—	+0.6	—
International Fd. Cap.	137.2	—	−1.2	—
International Fd. Acc.	146.8	—	−1.2	—
Capital Gwth. Fd.	443.0	—	+1.0	—
Moneymaker Fund	179.4	—	+0.7	—

Property Growth Assur. Co. Ltd.
Leon House, Croydon CR9 1LU. 01-680 0606

Property Fund		290.2	.....	—
Property Fund (A)		281.8	.....	—
Agricultural Fund		1,133.3	.....	—
Agric. Fund (A)		1,132.9	.....	—
Abbey Nat. Fund		231.9	.....	—
Abbey Nat. Fd. (A)		230.3	.....	—
Investment Fund		143.9	.....	—
Investment Fund (A)		142.1	.....	—
Equity Fund		445.5	.....	—
Equity Fund (A)		437.3	.....	—
Money Fund		220.2	+0.4	—
Money Fund (A)		215.9	+0.3	—
Actuarial Fund		121.7	.....	—
Gilt-edged Fund		198.9	−0.9	—
Gilt-Edged Fd. (A)		194.9	−0.9	—
Retire Annuity		340.2	.....	—
Immed. Annty		191.5	.....	—
International Fd.		778.9	.....	—
Dist. Soc. Life Fd.		106.6	.....	—

Property Growth Pensions & Annuities Ltd.

All Weather Ac. Uts.	258.1	271.7	.....	—
Inv. Fd. Uts.		270.4	.....	—
Pension Fd. Uts.		254.5	.....	—
Conv. Pens. Fd.		302.4	.....	—
Cnv. Pns. Cap. Ut.		223.0	.....	—
Man. Pens. Fd.		356.4	.....	—
Man. Pens. Cap. Ut.		275.6	.....	—
Prop. Pens. Fd.		286.4	.....	—
Prop. Pens. Cap. Uts.		215.3	.....	—
Bldg. Soc. Pen. Ut.		241.3	.....	—
Bldg. Soc. Cap. Ut.		199.3	.....	—
Gilts Pens. Fd.		174.3	−0.9	—
Gilts Pens. Fd. Cap.		151.0	−0.8	—
Equity Pens. Fd.		276.4	.....	—
Equity Pens. Fd. Cap.		240.2	.....	—

Providence Capitol Life Assc. Co. Ltd.
30 Uxbridge Road, W12 8PG. 01-749 9111

Equity Acc.	111.3	118.0	.....	—
Fixed Interest Acc.	93.9	99.0	.....	—
Intnl. Acc.	86.8	91.8	.....	—
Managed Acc.	95.7	101.9	.....	—
Property Acc.	114.6	121.3	.....	—
Money Acc.	75.2	79.6	.....	—
Special Market Acc.	74.4	78.5	.....	—
Japan Acc.	71.9	75.9	.....	—
North America Acc.	75.3	79.5	.....	—
Pacific Acc.	54.6	57.7	.....	—
Technology Acc.	77.0	81.3	.....	—

Standard Life Assurance Company
3 George St., Edinburgh EH2 2XZ. 031-225 2552.

Managed	213.4	224.7	+1.0	—
Property	153.9	162.0	.....	—
Equity	259.0	265.5	+3.9	—
International	214.5	225.8	−0.9	—
Fixed Interest	173.2	182.4	−0.3	—
Index Linked	98.1	103.3	−0.1	—
Cash	132.6	139.6	.....	—
Pension Managed	253.2	266.5	+0.2	—
Pension Property	157.1	165.4	.....	—
Pension Equity	307.7	323.9	+1.9	—
Pension Intl.	261.5	275.3	−1.2	—
Pension Fxd. Int.	183.1	192.8	−0.3	—
Pension Index Linked	99.3	104.5	−0.1	—
Pension Cash	150.4	158.4	.....	—

Sun Alliance Insurance Group
Sun Alliance House, Horsham. 0403 64141

	Series (2)			
Index Linked Fund	111.0	116.9	.....	111.7
Equity Fund	312.7	329.2	+0.2	313.3
Fixed Interest Fund	203.8	214.6	−0.5	204.1
Property Fund	220.6	231.3	+0.4	221.1
International Fd.	197.2	207.6	.....	197.5
Deposit Fund	145.8	153.5	.....	146.1
Managed Fund	252.6	265.9	−0.1	253.2
Int Bond Jan 17	—	—	.....	£21.84

Series (2) Prices are for policies issued after 11/7/1982.
Series (1) These are bid prices for earlier policies.

Individual Pension Funds

Index Linked	129.4	136.3	−0.1	—
Equity	160.3	168.7	−0.4	—
Fixed Int.	162.7	171.4	−0.8	—
Property	115.5	121.6	+1.9	—
International	167.5	176.4	+0.1	—
Deposit	115.3	121.4	.....	—
Managed	160.0	168.5	.....	—

*Group Pension funds—Prices available on request.

Sun Life of Canada (UK) Ltd.
2, 3, 4, Cockspur St., SW1Y 5BH 01-930 5400

Maple Leaf Plans

Growth Account	476.4	—	.....	—
Managed Account	232.6	—	.....	—
Equity Account	318.3	—	.....	—
Managed Fd. Accum.	135.5	142.6	.....	—
Equity Fd. Accum.	145.3	152.9	.....	—
Property Fd. Accum.	108.5	114.2	.....	—
Fixed Inc. Fd. Accum.	128.9	135.7	.....	—
Intnl. Fd. Accum.	175.5	184.7	.....	—

Barclays Unicorn International
1, Charing Cross, St. Helier, Jersey. 0534 73741

Unicorn Trust	44.6	46.5	+0.1	10.40
Unicorn Trust		77.35	.....	1.30
Unicorn Trust		93.25	.....	10.5
Uni-Aust. Jan 12		92.6	.....	1.20
Uni-Am. Jan 12	71.8	77.3	.....	1.4
Uni-Pacific Trust	129.5	138.4	.....	—
Uni-International Tst.	75.5	81.0	.....	1.4

Bishopsgate Commodity Ser. Ltd.
P.O. Box 42, Douglas, I.o.M. 0624-23911

Original issue *$10 and **£1. Next val. February 6.

Britannia Intl. Investment Mngmt. Ltd.
Box 271, Queensway House, Queen Street, St. Helier, Jersey, C.I. 0534-73114

U.S. Dollar Denominated Funds

*New dealings Jan 23.

Sterling Denominated Funds

OFFSHORE AND OVERSEAS

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

1983-84 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101¼	99½	Exch. 11¼pc 1984	100⅛xd	–⅛	11.24	9.65
104⅜	100½	Exchequer 14pc. 1984	101⅞	–⅛	13.80	9.32
97⅞	92½	Exch. 3pc 1984	97⅞	.....	3.07	8.87
102⅞	100⅞	Treasury 12pc 1984	101⅞	–⅛	11.82	9.62
107⅞	104⅞	Treasury 15pc 1985	105⅞xd	–⅛	14.23	9.71
107	101⅞	Exch. 12pc Cnv. '85	102½	.....	11.70	9.65
94⅞	88⅝	Treasury 3pc 1985	94¼	.....	3.18	7.63
102½	99⅝	Treasury 11½pc 1985	102⅛	–⅛	11.26	9.94
102	95	Treas 8¼pcCnv '85	98¼	–⅛	8.65	9.48
103¾	100¼	Exch. 12¼pc 1985	103⅛	–⅛	11.27	10.13
102⅞	99⅞	Exch. 11¾pc '86	102⅛xd	–⅛	11.46	10.41
102¼	97¼	Treas 10pc Cnv 1986	100⅞	–⅛	9.91	9.55
89⅝	85½	Treasury 3pc 1986	89⅞	–⅛	3.35	8.14
101⅞	97⅞	Exch. 10½pc Cv '86	100½	–⅛	10.44	10.23
103⅞	100⅞	Treasury 12pc '86	102¾	–½	11.67	10.53
98⅛	94⅝	Treasury 8¾pc '84-86‡‡	98⅛	–⅛	8.66	9.37
109⅞	105⅞	Exch. 14pc 1986	107⅛	–⅛	13.03	10.80
86⅛	84½	Exch 2½pc 1986	85⅞	–⅛	2.91	8.18
107¾	103⅝	Exch. 13¼pc 1987	106⅛	–⅛	12.48	10.79
100⅞	95⅝	Treas 10¼pc Cnv '87	99xd	–½	10.35	10.64
84⅝	80¼	Exchequer 2½pc 1987	84⅞xd	–⅛	2.96	8.32
100⅞	95⅞	Exch. 10½pc 1987	99⅞	–⅛	10.57	10.73
93¼	88¼	Funding 6½pc '85-87‡‡	92¼	–⅛	7.06	9.34
98⅞	96	Treas 10pc 1987	97⅞	–⅛	10.10	10.70
86	80¼	Treasury 3pc 1987	83⅞	–⅛	3.59	8.57
104½	99⅞	Treas 12pc 1987	103¼	–⅛	11.62	10.91

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

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COMMONWEALTH AND AFRICAN LOANS

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Public Board and Ind.

Financial

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CANADIANS

BANKS, H.P. AND LEASING

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DRAPERY—Continued

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

هكذا من الأصل

هكذا اصبحت الأحوال

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

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Investment Trusts

Finance, Land, etc.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—continued

Australians

1983-84 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
28½	13½	♥ACM 20c	17½	......	—	—	—
52	30	♥Allstate Expl. NL	30	......	—	—	—
10½	3⅝	♥Asia Oil & Mins	4⅞	......	—	—	—
40	9	♥Australis Mng. NL	21½	+½	—	—	—
25	11	♥Balmoral Res	15½	......	—	—	—
60	30	♥Black Hill Mins	30	......	—	—	—
99	51	♥Bond Corp	98	......	Q10c	0.7	6.9
183	116	♥Bougainville 1 Kina	162	−1	♦Q3.2¢	1.2	1.2
396	204	♥CRA 50c	370	......	tQ3c	—	0.5
145	60	♥Carr Boyd 20c	70	+1	—	—	—
44	25	♥Central Kalgoorlie	38	......	—	—	—
43	18	♥Central Pacific	21½	......	—	—	—
9	2¼	♥Cons Gold Mng Areas	4	+¼	—	—	—
17	5	♥Coopers Res N.L.	8	......	—	—	—
255	183	♥Crusader Oil	200	+5	—	—	—
20	8	♥Cultus Pac NL	14	......	—	—	—
19	7	♥Eagle Corp 10c	10	......	—	—	—
215	96	♥Emperor Mines	180	+2	—	—	—
16½	8	♥Endeavour 20c	16½	+½	—	—	—
58	17	♥Enterprise Gld Mines	26	......	—	—	—

Tins

Miscellaneous

1983-84 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
93	50	♥Anglo Utd. Dev.	52	−5	—	—	—
400	180	♥Centenary Minerals	285	−7	—	—	—
175	60	♥Colby Res Corp.	170	......	—	—	—
835	315	Cons. Murch. 10c	835xd	+10	150c	♦	7.0
£17½	£10½	Eastern Trans Cons 50c	£15¼	+¼	Q85c	4.9	2.8
240	170	Hampton Areas 10p	203	−2	2.75	2.2	2.5
215	103	♥Highwood Res	103	......	—	—	—
£24½	£17½	Homestake Mining $1	£20⅛	+⅛	Q20c	—	0.7
495	275	Northgate C$1	325	+15	—	—	—
672	437	R.T.Z.	653	−2	Q17.0	2.9	3.7
£147½	£108	Do. 9¼% Cn Bds 95-2000	£141½	......	Q9¼%	22.5	6.7
190	15	♥Sabina Inds C$1	102	−8	—	—	—
£11½	312	♥Tara Expln $1	£11¼	−¼	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Principal and interest tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK Listed; dealings permitted under Rule 163(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 163(3).
- § Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ● Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¤ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend; cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Issue price. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv. 20p	74	−1	Fin. 13% 97/02	£97⅛	......
Bdg'wtr. Est. 50p	329	......	Alliance Gas	58	......
Craig & Rose £1	900	......	Arnott	235	+5
Finlay Pkg. 5p	47	......	CPI Hldgs.	67xd	......
Higsons Brew	85	−2	Carroll Inds.	125	......
Holt (Jos) 25p	890	......	Hall (R. & H.)	60	......
I.O.M. Stm. £1	127	......	Helton Hldgs.	22	+3
			Irish Ropes	64xd	......
IRISH			Jacob (W. & R.)	68	......
Exch. 12% 1985	£99⅛	......	T.M.G.	70	−15
Nat 9¾% 84/89	£85⅜	+⅛	Unidare	77	......

For Concrete Prods. see CPI

OPTIONS

3-month Call Rates

Industrials		House of Fraser	21	Vickers	12
Allied Lyons	13	I.C.I.	45	Woolworth Hld.	35
BOC Grp.	20	"Imps"	12		
B.S.R.	18	I.C.L.	6	**Property**	
Babcock	15	Ladbroke	21	Brit. Land	9
Barclays Bank	45	Legal & Gen.	45	Cap. Counties	15
Beecham	28	Lex Service	93	Land Sec.	34
Blue Circle	40	Lloyds Bank	50	MEPC	24
Boots	17	"Lofs"	9	Peachey	27
Bowaters	22	London Brick	10	Samuel Props.	12
Brit. Aerospace	19	Lucas Inds.	16	Sterling Guar.	4
B.A.T.	14	"Mams"	12		
Brown (J.)	3	Mrks. & Spncr.	20	**Oils**	
Burton Ord.	30	Midland Bank	42		
Cadburys	11	N.E.I.	10	Bristol Oil & Min.	6
Courtaulds	11	Nat. West. Bank	55	Brit. Petroleum	35
Debenhams	16	P & O Dfd.	22	Burmah Oil	16
Distillers	20	Plessey	20	Charterhall	8
Dunlop	5	Racal Elect.	28	Premier	5
Eagle Star	60	R.H.M.	7	Shell	50
F.N.F.C.	6½	Rank Org. Ord.	19	Tricentrol	20
Gen. Accident	42	Reed Intnl.	34	Ultramar	60
Gen. Electric	17	Sears	8		
Glaxo	75	T.I.	14	**Mines**	
Grand Met.	30	Tesco	16	Charter Cons.	22
G.U.S. 'A'	55	Thorn EMI	55	Cons. Gold	50
Guardian	45	Trusthouse	16	Lonrho	8
G.K.N.	15	Turner & Newall	8	Rio T. Zinc	58
Hawker Sidd	32	Unilever	75		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 32

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security

Saturday January 21 1984

MAN IN THE NEWS

Ruffling the City's feathers

BY JOHN MOORE

"PRICKLY" is how one City person described Professor Jim Gower, the consultant research adviser on company law to the Department of Trade and Industry. He is not alone in his opinion in the City, for Professor Gower has done as much to stir up the establishment and ruffle feathers as any individual in recent years.

This week his report on investor protection, which detailed wide-ranging proposals to overhaul the regulation of Britain's financial community, produced another tremor in the City, which is already shaken by the amount of structural upheaval taking place in its community following the deregulation of the stock market last summer by the Government.

Those whose interests are affected by Professor Gower consider with some circumspection their remarks about what they think about the man. Long

Professor Jim Gower

pauses takes place before individuals reply. A typical response: "Well he listened to us—but then he did not have much choice. We were doing most of the talking."

Professor Gower strikes an unusual figure in the City. A tall man, gaunt and almost cadaverous in appearance, he is a dedicated pipe smoker—this week he had two pipes on display at his Press conference. He has a refined wit, little time for humbug, and is removed in attitude from the panjandrums who usually look at the affairs of the City.

He seems to have enjoyed his task even though at 70 he might have been expected to have reached an age when most people are thinking of taking it easy. Travel is his stated recreation.

In conversation Gower beams and twinkles behind conventional spectacles, with every facial twitch used to semaphore the significance of a particular point he makes. His report on investor protection is notable for its candour, and arguments not fully clothed in logic which he has heard in the City are duly said to be undressed.

His report, prepared virtually single-handed, is a cornucopia of details which give force to his own arguments, tucked away in footnotes and appendices. For instance he reveals—in a footnote—that there are over 50 official investigations being carried out into commodity firms; and that there are 20 full time staff at the Department of Trade and Industry responsible for the regulation of investment business other than life assurance at a cost of £540,000 a year.

"A lawyer's report" was the most damning remark to be heard in the City. But then Professor Gower is a lawyer, albeit with an essentially academic professional background.

Gower became a solicitor in 1937 after completing his education at University College, London. He is Professor Emeritus at Southampton University, and was an honorary professor of law between 1972 and 1979. He was a member of the Jenkins Committee on Company Law Amendment between 1959 and 1962, the Royal Commission on the Press and is a trustee of the British Museum.

At the end of his report on investor protection he is obviously saddened that he could not go further with his plans. His proposal for the creation of a self-standing commission — which he has described as a quango which would be responsible for the overall supervision of the City—has had to be abandoned. "This is based on my assessment of what is practical politics rather than on personal conviction," he said this week as he begins his work on the second part of his report which will contain his proposed legislation.

BP writes off £100m Mukluk costs

BY RICHARD JOHNS

BRITISH PETROLEUM is writing off £100m spent as its share of the abortive effort to find oil in the Mukluk structure in the Beaufort Sea off Alaska's North Slope.

Sixty per cent of the sum to be erased from BP's balance sheet is accounted for indirectly by its 53 per cent majority shareholding in Sohio which has an interest of almost one-third in the project and is the operator on behalf of an 11-company consortium in the area.

The £100m write-off compares with a total of £600m incurred by BP as a charge against income on its worldwide exploration activities in 1982. Before tax, the Mukluk write off would have amounted to about £185m.

Final results from the well—drilled at a cost of $137.5m (£93.2m), and involving the construction of an artificial island — showed a flow rate of only 200 barrels a day of treacle-like 12 degree API gravity oil, together with 35,000 cubic feet per day of salt water.

It is doubtful whether the consortium would have gone ahead with the development of Mukluk to exploit such a heavy crude even if substantial reserves had been found. Hope has not been totally quelled though. No final decision to abandon the structure will be taken before further study of well tests and seismic work which preceded its drilling, has been made.

More than two thirds of BP's asset loss is related to lease interests acquired in the U.S. in October 1982. In effect, BP has written off a third of its net expenditure of $176m (after trading off some of its rights to Gulf and Elf for $56m) on interests in eight leases. Sohio, in addition, has written off 30 per cent of its investment of $390m in 13 blocks—of which BP is liable for just over half.

Completely written off is Block 191, the main focus of interest where the well was drilled, for which Sohio, BP and Mobil paid $237.2m. Sohio is also removing from its balance sheet its stake in Block 190.

In addition, BP and Sohio are writing off the major portion of their interest in four other licence areas.

Sohio, with its 31.429 per cent share in the "unitised" rights over the structure, bore the brunt of the cost of the island and well.

With a 7 per cent interest in the venture, however, BP incurred no direct write-off because its share of the expenditure was carried by Gulf and Elf as part of its "farm-in" agreement.

In a separate announcement, Sohio said it would plug and abandon the well. It is writing off $163m after relief on tax—the equivalent of 66 cents per share.

Other companies involved in the venture are Mobil, Shell, Texaco, Diamond Shamrock, Placid, Amerada Hess, Gulf and Elf.

On the Stock Exchange BP's share price closed at 425p, up 7p on the day's trading, following an end to speculation about the extent of the write-off.

Bid for London Brick cleared

BY RAY MAUGHAN

FOLLOWING the advice of the Office of Fair Trading, Mr Norman Tebbit, Secretary for Trade and Industry, yesterday cleared Hanson Trust, the diversified industrial holding company, to pursue its £212m bid for London Brick.

Shares in London Brick gained 11p to 157p which means the brick manufacturer is valued in the stock market at almost £222m.

Hanson Trust sent out formal offer documents to holders of London Brick stock units. The original terms have been increased by 45 per cent and Hanson is now offering 145p in cash for every London Brick stock unit or 150p nominal of a new convertible loan stock.

The Office of Fair Trading received submissions from London Brick which urged a reference to the Monopolies Commission. The sole supplier of fletton bricks in the UK said the acquisition of this monopoly by a conglomerate would damage the brick industry. It added that the recent development of its own non-fletton facing bricks would conflict with the segment of this market controlled by Hanson's Butterley Building Materials subsidiary. Flettons, standard low specification bricks, are widely used in housebuilding.

Hanson Trust has, however, been able to assure London Brick stockholders that "we fully respect the authority of the Office of Fair Trading to prevent any abuse of the existing fletton brick monopoly enjoyed for so long by London Brick."

London Brick has already forced Hanson to lift its offer on the strength of the estimate that brick profits last year rose 70 per cent to £26m. Hanson went so far as to "congratulate" London Brick on the strength of this performance but much depends on the forecast for 1984 which London Brick has already drafted and will publish towards the end of next week.

Hanson last night attributed the rise in the price of London Brick to improvement over the past week of Hanson's own share price by 13p to 282p which underpins the value of the offer of convertible loan stock. However, the stock market is predicting a £30m forecast from London Brick, and perhaps more, and expects that as a further line of defence, the brick maker will publish an up-to-date calculation of the value of its reserves of fletton clay.

Shipbuilders vote to 'work on'

BY MARK MEREDITH

SHIPYARD WORKERS at Scott Lithgow on the Lower Clyde yesterday voted to continue working and to reject immediate layoffs stemming from last month's cancellation of Britoil's £88m rig order, building of which was two years behind schedule.

The decision was taken as the yard's management announced that more than 400 workers had applied for voluntary redundancy. The applications were made in the past two days. More are expected. Scott Lithgow faces more than 3,000 redundancies by March after loss of Britoil's commission.

The workers' meeting at Greenock yesterday decided that the 300 who were laid off last night should report for duty next week. Mr Duncan McNeil, secretary of the yard's shop stewards, described the move as a "work-on" rather than a "work-in."

"It is the first step in resistance against the rundown and closure of Scott Lithgow," he said. The decision revived memories of the work-in on the Upper Clyde more than 10 years ago in a bid to keep loss-making yards open.

Workers voted for a £2-a-week levy from those still at work. This would make up pay to the normal level for those who took part in the "work-on."

Lay-off pay is £68 a week. The meeting, noisy but not militant, did not vote to oppose the acceptance of voluntary redundancies by those who wished. It did, however, reaffirm opposition to compulsory redundancies.

British Shipbuilders, the nationalised owner of the yard, said on Tuesday that 3,000 redundancies would be declared by March, including 800 immediately. Last night the yard said it would not lock out paid-off men who insisted on reporting for work.

Mr McNeil said the workforce would meet again when faced with compulsory job-losses.

Close race in mine union ballot

BY JOHN LLOYD, INDUSTRIAL EDITOR

EARLY INDICATIONS of voting in the coalfields suggested a close contest last night in the race between left and right-wing candidates for the general secretaryship of the National Union of Mineworkers.

Mr Peter Heathfield, general secretary of the North Derbyshire area and the left-winger, is thought to be running ahead in the left-led areas of Scotland and South Wales and to be commanding majorities in a number of the Durham pits.

However, he is thought to have less than 60 per cent of the vote in his own Derbyshire area—a disappointing result for a well-known figure.

In Northumberland, voting seemed to be evenly split. Mr John Walsh, the main right-wing candidate, was thought possibly to be in the lead in the right-wing Nottinghamshire coalfield.

Both men's chances may hinge on the four Yorkshire coalfields, which are together the biggest in the country. While the area is strongly left-led, it has returned anti-strike votes in recent ballots and Mr Walsh is himself a full-time agent in North Yorkshire.

Voting at the pitheads ended last night. The ballot boxes will be opened and counted over the weekend by the Electoral Reform Society and the result will be made known at NUM headquarters in Sheffield.

The election will find a successor to Mr Lawrence Daly, the long-serving general secretary, who is retiring for health reasons. The third contender, an outsider, is Mr Les Kelly, from North Wales.

GM shows interest in buying Jaguar

By Kenneth Gooding, Motor Industry Correspondent

GENERAL MOTORS, the U.S. group which is the world's largest automotive business, is among companies to have shown an interest in buying Jaguar, the BL subsidiary.

Suggestions that GM had made a firm offer for Jaguar, however, were being discounted in Whitehall yesterday. It was pointed out that BL still has a market quotation and would be bound by Stock Exchange rules to report any offer the board was considering seriously.

Although no decisions have been made about the order of priority, Jaguar is high on the list of assets BL could sell quickly, in line with the Government's determination to privatise at least parts of the group this year.

It seems unlikely, however, that ministers who have frequently referred to Jaguar's revival as a shining example of UK industrial recovery would agree to sell the company to an overseas group, even one like GM which has substantial British interests including the Vauxhall cars and Bedford trucks businesses.

Further, any suggestion of a sale to an offshore company would be bound to worry Jaguar employees. In the past Jaguar's board made clear that whatever method chosen for privatisation of the company, it would prefer one which enabled employees to take a stake in Jaguar.

Mr Norman Lamont, Industry Minister, told the Commons in December that privatisation was a priority for BL and that the first steps would be taken in 1984.

The BL board, headed by Sir Austin Bide, is thought to have put forward various options when recently presenting the Government with the corporate plan for 1984.

Other assets thought to be under consideration for sale include the Unipart spare-parts business, BL Technology, the research and development operations, and Istel, previously BL Systems, the group's computer systems business.

J. Henry Schroder Wagg, the merchant bank, has been appointed to advise the Trade and Industry Department on privatisation of BL assets.

Recovery Continued from Page 1

this year. He was confident that deficit reductions would be agreed by the new Administration in 1985, allowing the growth projections to be fulfilled.

At a guess, growth would run at about 5 per cent or just over in the first six months of 1984, Mr Baldridge said, and would fall to about 4 per cent in the second half.

Mr Baldridge predicted rough months ahead for U.S. exports, which were suffering from the strength of the dollar, debt problems in the Third World and the slow pace of recovery in the developed countries.

October and November showed the two largest U.S. trade deficits on record, with imports for the two months up 20 per cent from a year earlier and exports up only about 5 per cent, he said. The 1983 trade deficit of about $70bn (£50bn) would reach somewhere near $90bn in 1984, with the rate of increase at its highest in the first half of the year.

There was now more chance of a sharp drop in the rate of the dollar than there had been last year, but he was unwilling to predict such a development.

The Administration also welcomed yesterday's figures for the GNP price deflator, the broad measure of inflation, which rose by 4.1 per cent, fourth quarter over fourth quarter. Inflation rose by 4.2 per cent for the year as a whole, by the same measure.

Mr David Stockman, President Ronald Reagan's controversial budget director, has expressed deep doubts in a Fortune magazine interview, about whether it is possible to make any more big cuts in federal spending, even in the face of enormous budget deficits.

Philip Stevens writes: Currency dealers had been expecting the Commerce Department to revise the fourth quarter growth figure downwards. Confirmation of last month's estimate accordingly sparked a scramble to buy back dollars sold earlier in the week.

After days of uncertainty, the GNP figure appeared to be taken as confirmation that the U.S. economy is still growing strongly, limiting the scope for the Federal Reserve to loosen monetary policy and lower interest rates.

Increasing pessimism over the U.S. budget deficit, with many forecasters putting the likely shortfall at close to $200bn, strengthened the view that interest rates will stay high.

The irony of yesterday's surge in the dollar is that when the same growth figure was given provisionally in December the markets took it as a sign of a downturn in the economy.

Since then retail sales, industrial production and housing starts have also pointed to slower growth.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Brent Chemicals	99	+ 6
Dixon (David)	112	+ 10
Dixons Group	263	+ 10
Dowty	144	+ 6
Extel	500	+ 30
Fleet Hldgs.	176	+ 16
Horizon Travel	182	+ 12
Ibstock Johnsen	190	+ 8
Intasun Leisure	193	+ 18
Jacobs (John I.)	61	+ 8
London Brick	157	+ 11
Metal Box	330	+ 10
Meyer Int'l.	150	+ 10
Peters (Michael)	131	+ 16
Rolfe and Nolan	170	+ 15
Ryl Bk. of Scotland	224	+ 7
TI	198	+ 6
Trusthouse Forte	208	+ 9
Atlantic Resources	635	+ 20
LASMO	322	+ 18
Oil Search	21½	+ 6
Sovereign Oil	285	+ 30
Ultramar	653	+ 12
Pancontinental Mng	82	+ 6
FALLS		
Treas. 10pcCnv.1990	£20½	− ½
Exchq. 12pc2013-17	£120¼	− ½
Babcock Int'l	170	− 8
Haynes Publishing	200	− 20
Strong and Fisher	185	− 13

WORLDWIDE WEATHER

UK today: Dry with hazy sunshine in the south. Cloudy with outbreaks of rain in west and north. Generally cold.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	13	55	Corfu	F	14	57	Luxmbg.	C	1	34	Peking	S	1	34
Algiers	S	19	66	Dallas	C	−4	25	Madeira	F	17	63	Perth	S	35	95
Amsdm.	F	4	39	Dublin	F	4	39	Madrid	R	6	43	Prague	F	−1	30
Athens		—	—	Dbrvnk.	R	10	50	Majorca	S	16	61	Rykjvk.	Sn	1	34
Bahrain		—	—	Ednbgh.	S	−3	27	Malaga	F	18	64	Rhodes	S	16	61
Barcina.	S	14	57	Faro	F	17	63	Malta		—	—	Rio J'o		—	—
Beirut	F	16	61	Florence	C	8	46	M'chstr.	S	2	36	Rome	F	13	55
Belfast	Sn	0	32	Frankft.	S	5	41	Melbne.	C	21	70	Salzbrg	Sn	1	34
Belgrd.	R	5	41	Geneva	C	3	37	Mx. C.		—	—	S F cisct	Fg	7	45
Berlin	F	2	36	Gibraltar	C	16	61	Miami†	C	17	63	Singapr.		—	—
Biarritz	C	10	50	Glasgow	S	−4	25	Milan	Fg	0	32	S'tiago		—	—
Bmghm.	S	1	34	G'msey	F	5	41	Montrl †	F	−18	0	Stckhm.	S	−9	16
Blackpl.	S	1	34	Helsinki	S	−3	27	Moscow		—	—	Strsbg.	S	4	39
Bombay	S	26	79	H. Kong	C	15	59	Munich	Sn	−1	30	Sydney	S	26	79
Bordx.	F	5	41	Innsbrk.	C	3	37	Nairobi	C	26	79	Tangier	C	16	61
Boulgn.	S	4	39	Invrnss.	S	−6	21	Naples	F	13	55	Tel Aviv		—	—
Bristol	F	1	34	I.o.Man	S	4	39	Nassau		—	—	Tenerife	C	20	68
Brussels	S	3	37	Istanbul	S	9	48	Nwcstl.	S	2	36	Tokyo	S	3	37
Budpst.	Sn	0	32	Jersey	S	4	39	N Delhi	S	18	64	T'ronto†	F	−19	−2
Cairo	F	18	64	Jo'burg	F	27	81	N York†	F	−12	10	Tunis	F	17	63
Cardiff	F	0	32	L. Plms.	F	20	68	Nice	S	13	55	Valencia	F	17	63
Cape T.	S	25	77	Lisbon	C	13	55	Nicosia	S	17	63	Venice	S	4	39
Chicg.†	F	−24	−11	Locarno	S	4	39	Oporto	R	17	63	Vienna	R	−1	30
Cologne	Fg	1	34	London	S	4	39	Oslo	S	−7	19	Warsaw	C	0	32
Cpnhgn.	S	2	36	L. Ang †	F	8	46	Paris	Fg	0	32	Zurich	Sn	0	32

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

THE LEX COLUMN

Contractors strip for action

For most of the past year, UK capital goods manufacturers have had the uncomfortable feeling of being excluded from a party. Elsewhere, evidence of a recovery in consumption and even in industrial output has slowly been endorsed by rising profits and share prices. Investment in new fixed capital, however, remained as flat as a pancake.

More recently, however, the stock market has started to sniff again at the metal-bashers and the heavy engineering contractors. TI has enjoyed an excellent run this week and yesterday's interim statement from Davy Corporation, while no cause for celebration, was enough to lift the shares 9p to 61p.

In the six months to September, Davy made £3m pre-tax, much the same as in the previous year and a pitful return on sales of over £300m. The group is still desperately short of new work, particularly in the U.S., while the repeated postponement of enticing contracts remains a frustrating feature of the industry. Davy does, however, feel confident enough to mention an increase in the level of firm enquiries.

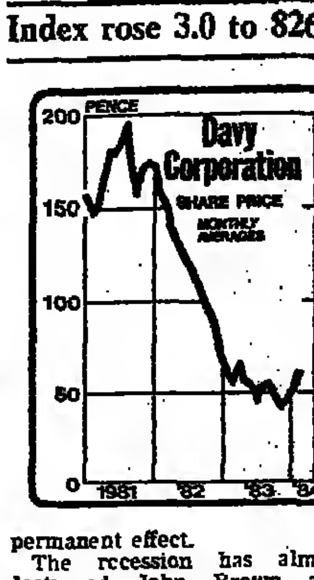
The process plant contractors hardly need reminding of past hopes — such as for the U.S. synfuels industry — which have rapidly been dashed. And, while the demand for new food and pharmaceutical plant is picking up, there are few letters of intent being signed in the petroleum or metallurgical industries.

Yet a recovery in the forward order book is now of pressing importance. The engineering contractors have in most cases cut fixed costs to the bone — Davy reckons to have eliminated £50m of annual operating costs since May 1982 — and further rationalisation would seriously jeopardise their ability to compete for any new orders.

That competitiveness must already be in some doubt. The contractors can count on more active diplomatic and Government support than they might have received five years ago and UK export credit terms are probably as generous as any. Moreover, the present exchange rate must favour the UK companies, at least against U.S. competition.

It is far from clear, however, whether the UK industry has been able to sustain R & D expenditure at an adequate level throughout the recession, while the structural cost cutting may already have had some

Index rose 3.0 to 826.9



permanent effect.

The recession has almost destroyed John Brown and even a more solvent company like Davy, which retains net cash balances of around £40m, must have some doubts about capital adequacy. Developing countries, saddled with debt, may in future take a tougher line on progress payments and move towards fixed price contracts, putting pressure on the working capital relationships of the contractors. And even the stronger companies in the sector, such as Babcock and NEI, are hardly in the same financial league as the biggest international players.

Markets

Most company visits so far this year seem to be giving the brokers' analysts something to smile about, while many a discreet money manager must be having trouble keeping the grin off his face as he flies home from his latest fund-raising trip to the U.S. The strength of the UK recovery and the U.S. buying together have given the stock market an exciting week, though the FT-Actuaries All-Share disobligingly refused to push through 500 yesterday, closing just short at 499.55.

The latest batch of industrial results have suggested again that a long list of stocks on the recovery list may now be due for transfer to the growth prospects department, as best exemplified this week by Guinness. In its present mood, the bull market has little time for any signals from Wall Street, which were awaited with awe just a couple of months ago. Reaction to the U.S. fourth quarter GNP figure, showing 4.5 per cent growth, was left to the gilt-edged market where prices were marked down as hopes of any stimulative cut in U.S. interest rates by the Federal Reserve had to be shelved again, perhaps for good.

In other respects, though, the influence of the U.S. markets over London equities may still be growing. The wonders of the actual tax p/e multiple should be giving the salesman one of their best New Year pitches for many a year and the momentum behind the switch from fully taxed multiples must be drawing usefully from the market's U.S. following.

With the whole market already growing eyes in the back of its head for every bid possibility, the addition of a weather eye for transatlantic buyers has only added to the volatility of this week's afternoon sessions. At least it is giving the institutions a choice of lively targets. Yesterday's figures for the third quarter of 1983 points again to their accumulating cash flow. December's inflation news, with the RPI up to 5.3 per cent, seems unlikely to rekindle the still-fading attractions of property or index-linked gilts.

Hanson/London Brick

The Office of Fair Trading might almost have based its decision to wave through Hanson Trust's bid for London Brick on a sight of Hanson's new offer document. Lord Hanson glowingly explains Hanson's "respect" for the OFT's power to regulate the fletton brick monopoly, while London Brick's claim that Hanson would try to force up the brick price is described as nonsense.

At its current level—even improved by a quarter and kept afloat by that old bull-market stand-by, a convertible loan stock—Hanson's offer may still not be quite good enough in the market's present fizzy mood. Still the convertible offer was valuing London Brick at just under 157p a share yesterday (based on a Hanson share price of 282p), and 157p is where the shares closed. That suggests that this second shot has at least found the range.

But if London Brick were to make £30m pre-tax next year (without property frills), the prospective p/e offered even by the convertible is still only about 10 times, on a likely enough 30 per cent tax charge. A credible forecast from London Brick of about this order—which is not extravagant—would no doubt succeed in shifting the target once more.

هكذا صدر الأصل